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NATIONAL INSTITUTE ECONOMIC REVIEW

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Every January the Review presents a full-length general survey of the economic situation.
Other issues contain a short general survey followed by special articles on
topical economic problems and studies of underlying trends.

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SUMMARY

If there is a no-change Budget, and no further change in Bank Rate or credit policy, total demand seems likely to rise during 1960 by roughly 4 per cent—almost as fast as during 1959. Capacity is adequate for a rise of this order, and the balance of payments prospects are reasonably good. Prices may creep upwards ; it is a matter of opinion how far a moderate restraint of demand would check this. There are also likely to be specific difficulties—such as a tight labour position in the South and Midlands, or some overload in the building industry—for which specific measures are appropriate.

Demand

Consumers' spending in real terms rose about 3½ per cent in 1959 ; and if taxes are unchanged it may continue to rise about as fast in 1960. The rise should be less heavily concentrated on durable goods than last year, when they accounted for nearly half the total rise in spending. Spending on cars, however, should continue to rise as fast as supplies become available. The rise in *fixed investment* is accelerating. It was nearly 5 per cent higher in 1959 than in 1958 : in 1960 it may be 8 or 9 per cent higher than in 1959. Investment in manufacturing industry, after falling for two years, turned up early in 1959 and is expected to rise substantially this year. Housing is booming, with starts in 1959 more than 20 per cent higher than in 1958.

The rise in *exports* is likely to be sustained, even if less than last year—perhaps 7 per cent during 1960 as against 10 per cent in the course of 1959. Sterling countries are likely to be buying more ; this benefits our exports particularly—although our share in these markets has been falling. Exports are also likely to go on increasing to Europe and—perhaps more slowly—to North America.

Government expenditure will probably continue slowly upwards, unless defence expenditure is cut. *Investment in stocks* was high last year and may be lower this year ; it is most unlikely to be a major expansionary force.

Capacity and labour

Industrial capacity, under-employed last year, continues to increase, and should in general easily permit a 4 per cent rise in national product. Last year's rise in output only brought the car, car components and consumer durables manufacturers up to full capacity working, and they are planning large extensions. Capital goods output in the engineering industry hardly rose last year, and spare capacity is not much less than in July 1958. Crude steel capacity will be adequate ; more sheet steel may have to be imported than last year. Bricks are scarce. Though *labour* is scarcer than capacity, there is still room for an increase in employment ; but the reserve of labour is concentrated in the North, Scotland and Wales. In the South and Midlands employment is now about as full as at the end of 1957. Pressure on labour supplies will be increased by the reductions in the working week that now look likely in many industries.

Prices and the balance of payments

Prices seem likely to rise a little. Cuts in hours and rises in wages may cost rather more than wage awards last year, and productivity seems likely to rise more slowly. The *balance of payments* will probably be as favourable as last year. Imports may now rise less than exports, and this might offset any unfavourable turn to the terms of trade. The balance of the whole sterling area may be rather worse than in 1959. But, barring speculative short-term movements, the reserves should not change much.

World background

In all major industrial countries production is now rising fast ; in both Germany and the United States this has led to fears of inflation and high interest rates. Demand for primary products has risen slowly ; primary product prices have risen only gradually, and their rise will probably continue to be gradual. Even so, helped by a steady inflow of long-term capital, primary producers should raise their imports this year from last year's low level. The overseas sterling area, with high wool prices, is better placed than Latin America, which has big unsold coffee stocks.

25 *January* 1960

THE ECONOMIC SITUATION AND PROSPECTS

CHAPTER 1. TRENDS DURING 1959

Between the end of 1958 and the end of 1959, total national output rose about 5½ per cent ; industrial production rose 10 per cent—more than in the previous four-and-a-half years put together. Expansion got under way towards the end of 1958. By then the mild recession that began earlier that year had probably corrected itself. But any spontaneous forces of recovery were greatly accelerated by Government action. Demand began to rise rapidly, stimulated first by the removal of all credit restrictions in the autumn of 1958 and then by the Budget.

The first chapter of this Review analyses the effect the growth of demand has had on production and employment and examines how much spare capacity is left in the economy. The second chapter discusses 1960 : how much further demand is likely to rise ; the consequences for prices and for the balance of payments ; and what the implications are for economic policy and the Budget. The third chapter analyses the outlook abroad.

DEMAND

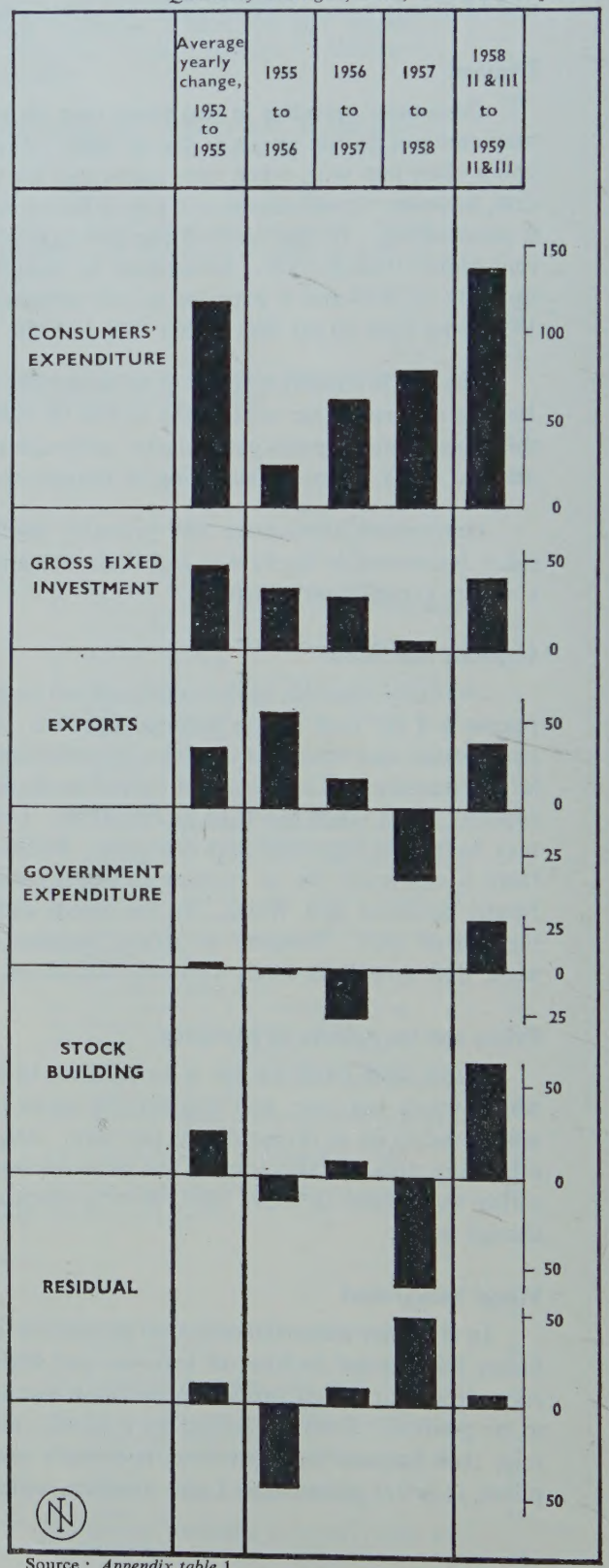
The general pattern of the recovery in 1959 is reasonably clear, though there is some doubt about quarter-to-quarter changes.[1] By the middle of 1959, the recovery was general : all the main types of demand had risen. Higher consumers' expenditure was accompanied by increases in fixed investment, exports and Government current expenditure and—though the figures are uncertain—by a large increase in investment in stocks (chart 1). Exports and consumers' expenditure continued to rise in the fourth quarter ; the movement of the other items of demand is not yet known.

Consumers' expenditure

The rise in consumers' demand, the result of easier borrowing and higher incomes, was concentrated on durable goods. Increased purchases of durables accounted for nearly half the total increase in consumers' real expenditure between mid-1958 and mid-1959. Nearly all the rise in sales of durables was on hire purchase ; cash sales barely changed. Sales of radio and electrical goods rose particularly fast ; those of cars rose more slowly—they were limited by supplies.

Chart 1. Changes in demand

Quarterly averages, £mn., 1954 market prices.

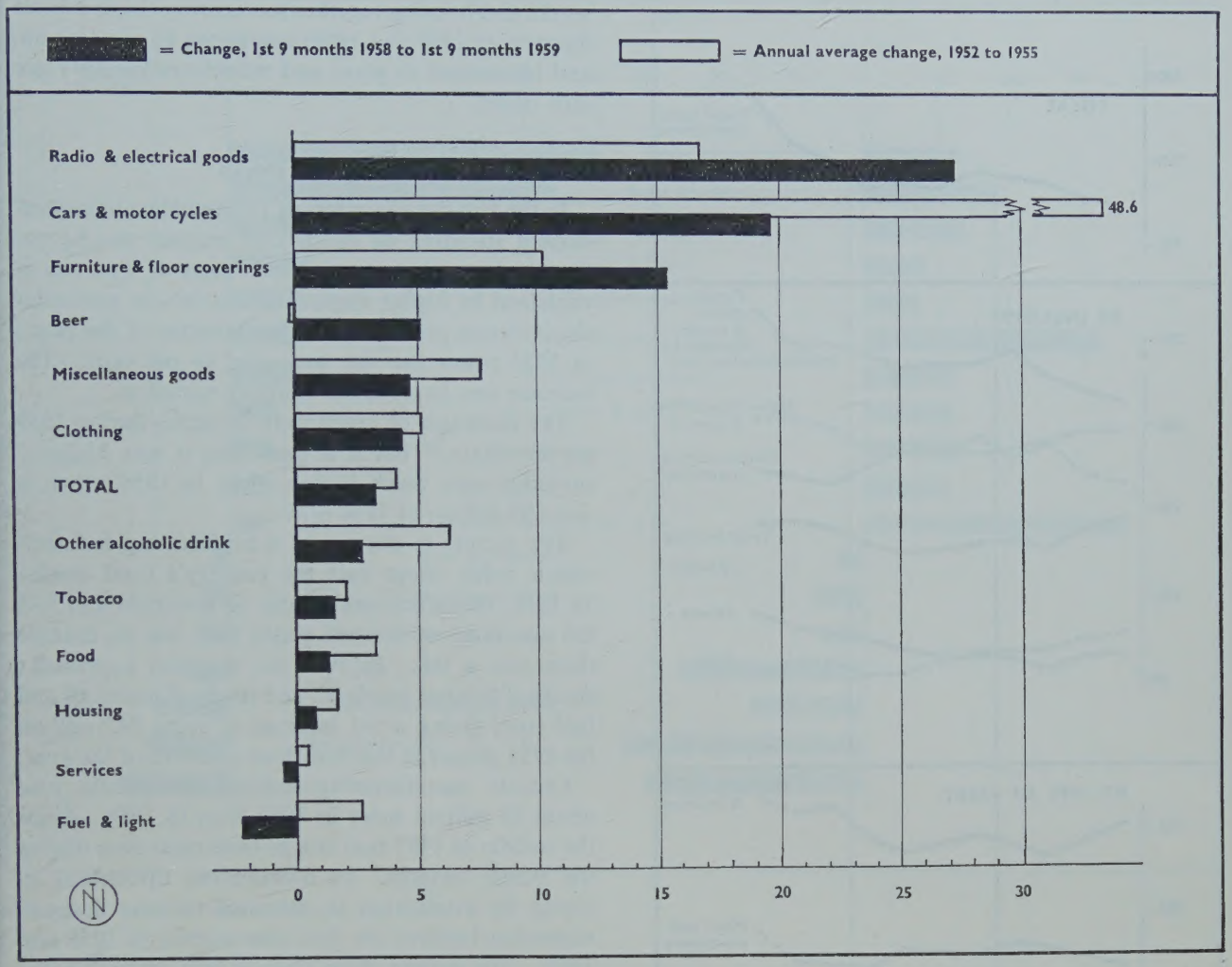


Source : *Appendix table* 1.

[1] Final demand may be measured in one of two ways : either by estimating the various items of expenditure directly or by estimating total production and adding to this the import bill for goods and services. It is to be expected that the two estimates will not be identical, particularly for quarterly series ; but recently the discrepancies have been unusually large, with output increasing more than expenditure.

Chart 2. Changes in the volume of consumers' expenditure

Per cent



Source : *Appendix table 6, Monthly Digest of Statistics*

Apart from consumer durables, the rise in spending was small (chart 2). Spending on clothing, after being almost stable for two years, picked up. Food expenditure rose little. The warm weather caused a fall in expenditure on fuel and light but, together with the tax reduction, it stimulated beer consumption. The increase in spending on miscellaneous goods is mainly explained by more spending on the running of cars.

Provisional figures suggest that the rise in demand for durables (except cars) slowed down in the fourth quarter and that the demand for non-durables may have accelerated somewhat.

Investment

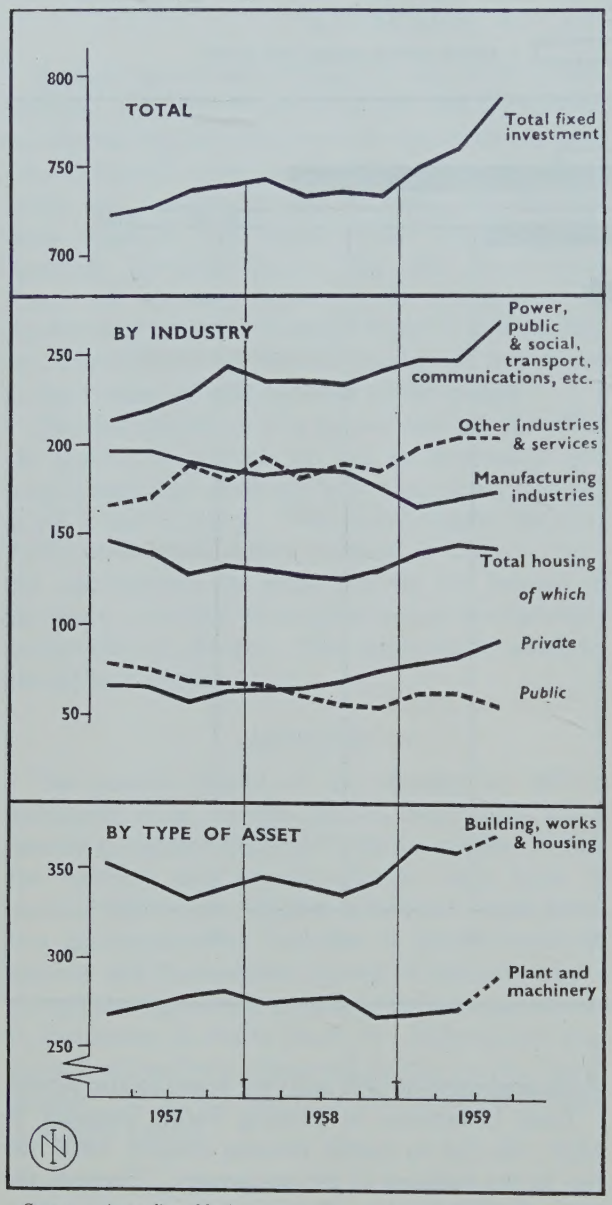
Investment faltered during 1958 ; in 1959 it rose again (chart 3). The impetus came from housing, from industries outside manufacturing and from public investment. Investment in manufacturing fell at the beginning of 1959 and then began to rise slowly.

Total investment in housing hardly changed in 1958 ; the fall in public housing roughly offset the rise in the building of private houses. Towards the end of 1958 local authorities were encouraged to revise their investment plans upwards, and consequently public housing rose a little in 1959. Private housing rose rather faster than in 1958. The total number of houses started rose to about 320,000, while the number completed (about 275,000) was almost the same as in 1958. As a result investment in housing rose by about 10 per cent.

Public investment other than housing in the first half-year was running only a little above the same period of 1958. But from the second quarter of 1959 to the third it rose nearly 10 per cent. This was the first sign of a substantial response to the plans announced in the *Economic Survey 1959* ; the figures given there may be approached but are unlikely to be fully reached.

Chart 3. Investment trends

£mn., 1954 prices, quarterly averages, seasonally adjusted



Source : *Appendix table 7.*

Investment in private industry outside manufacturing continued to rise in 1959. Manufacturing industry's investment fell in the first quarter,[1] but the seasonally corrected figures indicate that an upward movement began in the second quarter. For the year as a whole, investment in manufacturing was 6-7 per cent below 1958 and 10-11 per cent below 1957, very much in line with the Board of Trade forecast made at the beginning of 1959.

These changes during 1959 benefited the building industry rather than the industries producing plant and machinery (chart 3). Investment in building, works and housing together (comparing the first three quarters of 1959 and 1958) was about 6½ per cent up, and investment in plant and machinery nearly 1 per cent down.

Government expenditure and stocks

In the first three quarters of 1959, public authorities' current spending on goods and services was 6½ per cent higher, in current prices ; most of this rise is explained by higher wages and salaries—in particular the increases granted in the first quarter of the year ; at 1954 prices the rise was only 2½ per cent. The increase was in civil, not military spending.

The estimates of investment in stocks during 1959 are uncertain,[2] but it is clear that it was higher—probably very much higher—than in 1958, when it was £50 million at 1954 prices.

The picture is clearest in manufacturing industry, which holds about half the country's total stocks. In 1958, manufacturers' stocks of materials and fuel fell and those of finished goods rose, but on balance there was a fall. In 1959 the opposite happened ; stocks of finished goods fell and stocks of materials and fuel rose, giving a net increase of some £45 million (at 1954 prices) in the first three quarters of the year.

Outside manufacturing, colliery coal stocks rose about £8 million more in 1959 than in 1958. Since the middle of 1957 coal stocks have risen even during the winter months. In distribution, investment in stocks by wholesalers is estimated to have declined somewhat between the first nine months of 1958 and 1959. The pattern of the changes was similar to that in manufacturing : stocks of materials, which fell in 1958, rose a little in 1959 ; but stocks of finished goods, which had risen sharply in 1958, scarcely rose at all. Retailers' investment in stocks increased substantially. Their stocks of radio and electrical goods seem to have risen particularly rapidly and may have been excessive at the end of the year.[3]

This evidence suggests that increased stock-building by retailers—sometimes perhaps in advance of higher consumers' demand—drew stocks of finished goods away from manufacturers and wholesalers ; at the same time the running down of stocks of materials and fuel in industry gave way to re-stocking.

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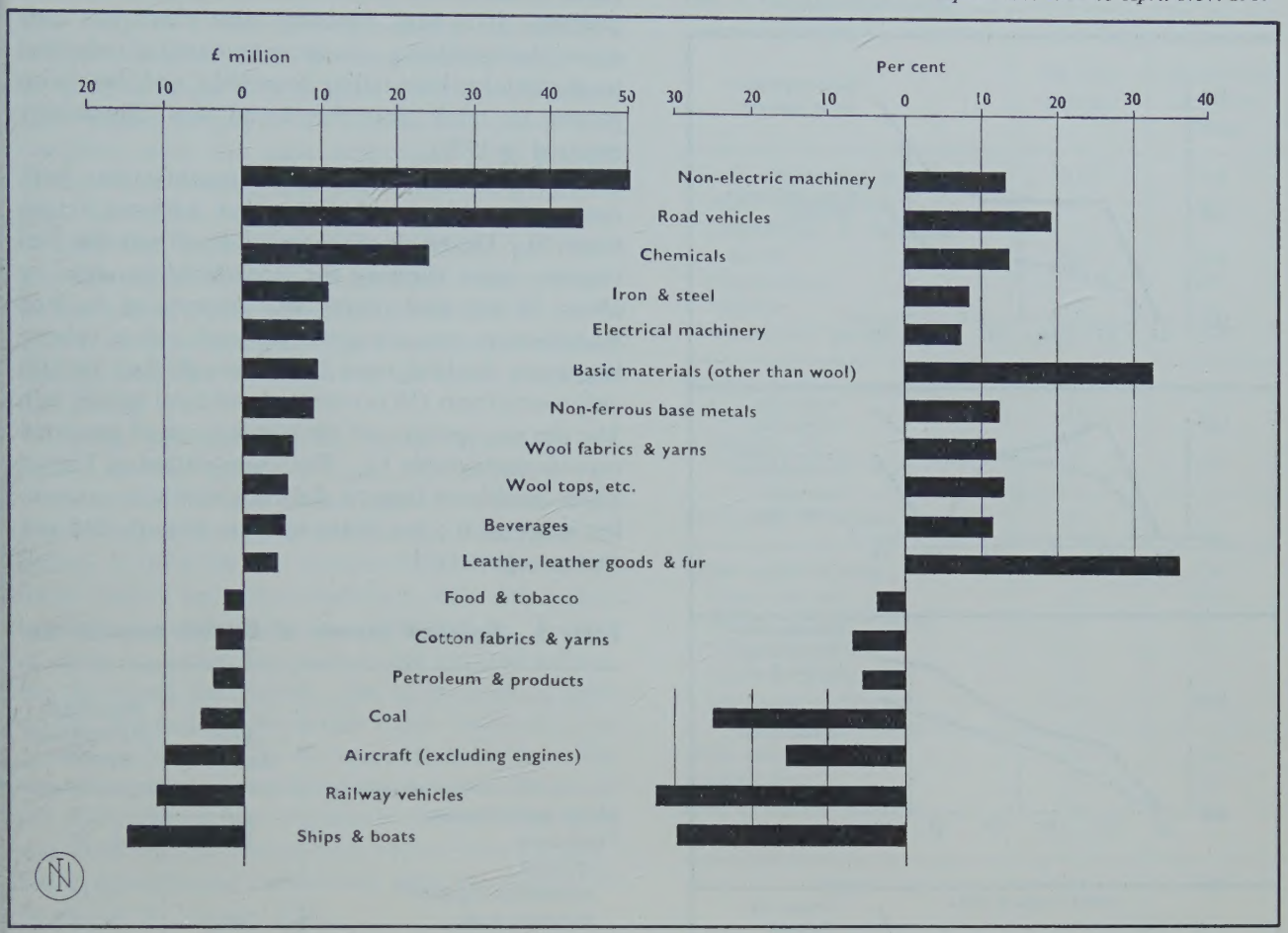
[1] Four-fifths of the fall between the first three quarters of 1958 and 1959 occurred in three industries—chemicals, road vehicles and paper and printing.

[2] When there are discrepancies in the results of the two methods of obtaining national income statistics (footnote 1, page 4), the figure of stocks is more than usually suspect, since it is the least reliable of the expenditure estimates.

[3] While consumers' expenditure on radio and electrical goods is recorded as increasing by only 24 per cent between the first nine months of 1958 and 1959, manufacturers' deliveries appear to have risen by 40 per cent. Trade reports confirm sharp increases in stocks.

Chart 4. Changes in exports

April-Nov. 1958 to April-Nov. 1959



Source : *Trade and Navigation Accounts.*

Exports

Exports of goods and services in 1959 rose roughly in line with national output. After a low first quarter they rose in the second quarter of 1959, were steady in the third, and moved up further in the fourth. Exports of merchandise were then running some 10 per cent higher in volume than a year earlier.

Up to the end of the third quarter, it was still exports to North America and western Europe which were providing the momentum ; it was only in the fourth quarter that exports to the sterling area rose above their 1958 level (page 41). Five groups of products —non-electrical machinery, road vehicles, steel, chemicals, and electrical machinery—account for a very large part of the rise in exports (chart 4). There have been some substantial falls—notably in exports of ships, railway vehicles, aircraft, coal and refined petroleum.

Imports

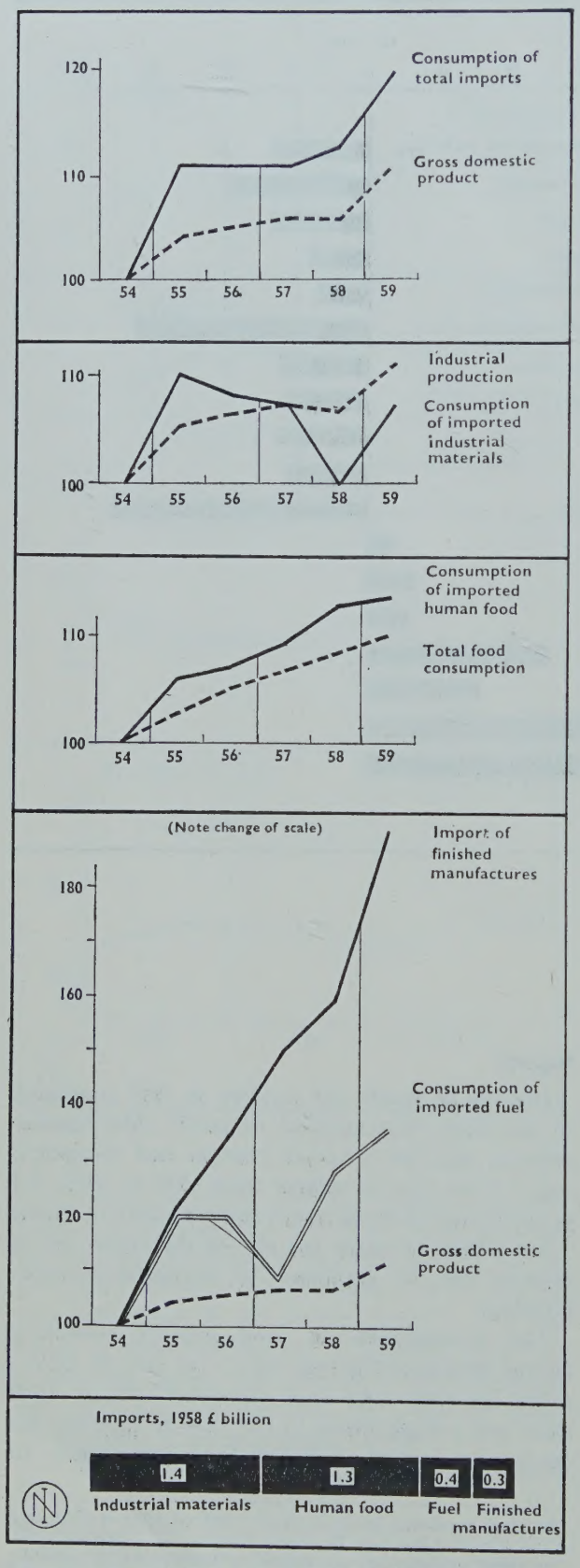
Imports of goods and services in 1959 continued to rise faster than national output.[1] Merchandise imports, adjusted for stock changes and re-exports, rose 7-8 per cent in volume from 1958 to 1959, 3-4 per cent more than the rise in national output. Some —but almost certainly not all—of the excess rise in imports can be explained by unidentified stock-building.

The consumption of food imports (excluding animal feeding-stuffs) rose only 1 per cent in 1959—rather less than total food consumption[2]; in 1959 there was a slight break in the 1954-58 tendency for the import content of British food consumption to

[1] Their tendency to do so from 1955 to 1958 is discussed in the *National Institute Economic Review*, no. 2, March 1959.
[2] These calculations are based on the first three quarters of the year.

Chart 5. Imports and expansion

Index numbers, 1954 = 100



Source : *Appendix tables* 1 *and* 2, *Trade and Navigation Accounts, Board of Trade Journal.*

rise. The consumption of industrial materials, on the other hand, rose a little faster than industrial production. It is here, probably, that there was concealed stock-building ; the import content of industrial production has been falling since 1954, and there is no reason to think that this trend was appreciably reversed in 1959.

Imports of fuel and finished manufactures both continued to rise much faster than national output (chart 5). The result of the switch to oil was that fuel imports—after allowing for stock-building—rose by about 7½ per cent (page 16). Imports of finished manufactures rose about 22 per cent ; their volume has nearly doubled since 1954—though they are still only a small part (10 per cent) of our total import bill. The rise was spread over the whole range of imported manufactures (table 1). The liberalisation of United States machinery imports does not appear to account for much of it ; her share in these imports did not change appreciably.

Table 1. Retained imports of finished manufactures

	1959 £mn[a]	Percentage change since 1958[b]
Metal manufactures	16	+ 5
Machinery	140	+ 25
of which		
Aeroplane engines[c] ..	*27*	+212
Machine tools	*15*	— 8
Electrical machinery	32	+ 40
Road vehicles & aircraft ..	29	+ 57
of which		
Cars, assembled	*7*	+ 93
Motor bicycles[d]	*9*	+123
Chassis & parts	*3*	+ 24
Aircraft & parts	*7*	— 2
Ships	13	— 27
Precision instruments[e] ..	21	+ 31
Clothing & footwear	37	+ 37
Other manufactures	46	+ 45
Total	334	+ 28

Source : *Trade and Navigation Accounts.*

(a) Eleven months. (b) Estimated on the basis of eleven months. (c) Although adjusted for re-exports, this may still contain engines imported for repair and overhauls. (d) Including scooters. (e) Including optical goods and watches.

Balance of payments

Britain's total current surplus in 1959 was probably of the order of £200 million—that is, £150 million smaller than in 1958 and about the same as in 1956-57. There was probably little change in the invisible balance. Nor did the terms of trade change much. But with a 7 per cent rise in import volume, as against a 4 per cent rise in export volume, the visible trade balance worsened.

All the worsening must have been in trade with the overseas sterling area ; exports to this area remained low. Exports to non-sterling countries did well, and Britain's balance with the non-sterling area was certainly no worse than in 1958, and probably better. The overseas sterling area's balance with non-sterling countries must also have improved. The position of the whole sterling area must therefore have been more favourable than in 1958 (page 40). The flows of long-term capital—both from Britain and from non-sterling countries to the overseas sterling area—do not appear to have been substantially different in 1959 from those in 1958. The overall position of the sterling area vis-à-vis the rest of the world was therefore strong.

During the year Britain, partly because of her strong external position, repaid £71 million to the International Monetary Fund and £89 million to the Export-Import Bank ; in addition she subscribed £58 million in gold for her increased I.M.F. quota, and other sterling countries subscribed about £40 million in gold—a grand total of over £250 million. Because of these payments, the reserves fell by £119 million. But the second-line reserves—that is, the drawing rights on the International Monetary Fund—were of course greatly increased. The exchange rate with the dollar was allowed to weaken somewhat towards the end of the year, when it was commonly reported that there was some outflow of short-term capital from London ; but it strengthened immediately after the increase in Bank rate on January 21st.

PRODUCTION, CAPACITY AND THE SUPPLY OF LABOUR

The general production pattern

Industrial production rose faster in 1959 than we expected[1]; however, as expected, capacity was adequate, and the rise was met mainly from higher productivity and did not lead to an excess demand for labour. Production seemed to be rising as fast at the end of 1959 as at the beginning ; the latest figures show no sign of any flattening out (chart 14, page 31).

Detailed figures of production by industry go only as far as October 1959 ; these show that the rise, over a year earlier, was widely spread (table 2) ; shipbuilding was the only industry group whose output fell. Chemicals, timber and furniture, textiles, clothing and footwear, and vehicles, all recorded increases of more than 10 per cent. Two of the main groups—engineering and electrical goods, and vehicles—include both consumer and capital goods ; table 3 separates them out, as far as possible.

[1] *National Institute Economic Review*, no. 3, May 1959, page 3.

Table 2. Changes in industrial production

1958 2nd and 3rd quarters to 1959 2nd and 3rd quarters

	Per cent change	Contribution to total change
Metals, engineering & vehicles	**7.6**	**2.9**
Metal manufacture	4.7	0.3
Engineering & electrical goods	8.4	1.4
Shipbuilding	−7.3	−0.1
Vehicles	11.0	0.9
Other metal goods	9.9	0.4
Textiles, leather & clothing	**10.6**	**1.0**
Textiles	10.0	0.6
Leather, etc.	9.4	—
Clothing & footwear	12.0	0.4
Food, drink & tobacco	**3.8**	**0.3**
Other manufacturing	**9.2**	**1.8**
Chemicals, etc.	13.2	0.9
Bricks, pottery & glass	8.7	0.2
Timber, furniture	13.1	0.3
Paper & printing	2.7	0.1
Other manufacturing	11.1	0.3
Total manufacturing	**8.0**	**6.0**
Construction	**6.3**	**0.8**
Gas, electricity & water	**2.0**	**0.1**
Mining & quarrying	**0.3**	**—**
Total	**6.9**	**6.9**

Source : *Monthly Digest of Statistics.*

Seven major durable consumer goods—which cover only 10 per cent of the net output of the engineering and electrical goods group—explain between them over half the increase in the group's output between the middle of 1958 and mid-1959. The output of the other products in the group can have risen only about 4 per cent. This includes a number of other consumer goods whose output also rose substantially, as well as electrical equipment and other accessories for cars ; therefore the output of capital goods and of various intermediate products sold to industry cannot have risen much, and the rise must mostly have been due to exports.

In the vehicles industry (a smaller sector than engineering and electrical goods), capital goods output did rise ; but this was all accounted for by commercial vehicles and tractors, and there was virtually no increase in other capital goods, mainly aircraft and railway rolling stock.

In general, therefore, the production figures—as far as they go—do not show much recovery in the engineering industry's output of capital or intermediate goods for the home market. The sections

Table 3. Production of consumer goods in the engineering industry

	Quarterly output '000 units		Per cent increase	Contribution to increase in total industrial production
	1958 II & III	1959 II & III		
Total engineering & electrical goods	..	..	**8**	**1.36**
of which :				
Domestic refrigerators	182	305	68	0.08
Washing machines	212	324	53	0.10
Gas cookers	134	186	38	0.11
Electric cookers[a]	75	131	76	0.11
Radios, etc.	423	433	2	0.01
Television sets	420	670	59	0.31
Vacuum cleaners	331	422	27	0.04
Total of above household consumer goods	..	..	**46**	**0.76**
All other engineering & electrical goods	..	..	4	0.60
Total of vehicles	..	..	**11**	**0.93**
of which :				
Consumer goods	..	..	16	0.43
Passenger cars[b]	252	285	13	0.29
Motor cycles	32	69	65[c]	0.12
Pedal cycles	543	564	4	0.02
Capital goods	..	..	9	0.50
Commercial vehicles[b]	72	93	29	0.42
Tractors	36	42	16	0.08
All other[d]	..	..	—	—

Source : *Monthly Digest of Statistics*, NIESR estimates. The estimates of the increase in net output attributable to the specific goods are necessarily rough.

(a) Second quarter only.

(b) The weights for the motor vehicle components which are included in the vehicles index have been divided proportionately between cars and commercial vehicles.

(c) Calculated on the basis of the value, not numbers, of deliveries, to allow for the switch from traditional motor cycles to scooters and mopeds.

(d) Mainly aircraft and railway rolling stock.

which follow discuss the present position in various industries, and—with the help of the Institute's enquiry into capacity—attempt to assess how much idle capacity there is now. A summary is given on page 17. Then the 1959 changes in employment and productivity are examined and an assessment is made of the possible increase in the labour force.

The metal-using industries

The Institute's second enquiry[1] into capacity and output in November 1959 was largely directed to the metal-using industries. Firms were asked how much they could increase their output,[2] first with their present labour force (working longer hours if necessary) and secondly, if they increased their labour force.

The firms interviewed reported that, on average, they could increase output by 7½ per cent with the existing labour force if they worked somewhat longer hours (4½ per cent more), and that they could increase output 18 per cent by working these longer hours and by employing 8 per cent more labour (that is, with roughly 12 per cent more man-hours). In the industry as a whole, therefore, there appears to be not much less surplus capacity than in July 1958, when the Institute's first enquiry was made. At that time, the firms interviewed said that they could increase output 20 per cent with a 10 per cent increase in total man-hours. Between the two enquiries, the firms interviewed reported that they had increased their capacity by nearly 7 per cent (that is, by about 4½ per cent a year), and their output by 8 per cent.

The figures probably understate the rise in production which firms could obtain in the course of, say, a year ; for the estimates refer to the output which they could have achieved at the time if the demand had existed and if the labour and materials were available. But capacity is rising all the time ; and in addition,

[1] The enquiry is described more fully, with a description of the sample and details of the comparison of the 1958 and 1959 surveys, in the Appendix (page 44).

[2] Maximum output meant, in the enquiry, not technically maximum output, but an output which could be achieved with customary working hours and conditions, with due allowance for the maintenance of plant and for breakdowns.

with the lapse of time, technical improvements and better organisation lead to a rise in output per man-hour. In total, therefore, there appears to be sufficient capacity for a further rapid increase in output, with relatively little rise in man-hours.

Differences between firms

There were, however, wide differences in the experience of individual firms. About a quarter of the firms in November 1959 were fully occupied or had only 5 per cent spare capacity ; these firms accounted for about one-third of the employment. At the other end of the scale another quarter of the firms, accounting for 10 per cent of total employment, had 30 per cent spare capacity or more (table 4).

Table 4. Number of firms in metal-using industries classified according to spare capacity

Potential increase in output[a] (*per cent*)	No. of firms		Employment 1959 ('000)
	1958	1959	
0	8	14	97
5	2	11	187
10	11	6	13
15	4	13	210
20	8	14	124
25	5	10	70
30	4	7	24
40	3	5	26
45 and over	7	12	30
Total	52	92	781

(a) To nearest 5 per cent

The firms at or near capacity were the manufacturers of cars and other consumer durables, or of components for them ; these are the industries which accounted for a large part of the rise in output of the metal-using industries during 1959 (page 10). But such further increase in demand as is likely in this sector (page 26) will probably not outstrip the growth of capacity, since it is particularly these firms which are either bringing into operation or planning further substantial capacity increases. Most major producers of cars, domestic electrical appliances, and components for them propose important capacity extensions in 1960.

A good deal of the excess capacity is structural ; but some can certainly be converted to other uses. In the aircraft industry—probably the biggest single example of excess capacity—this process has already begun and the recent mergers may hasten it. In some industries the Restrictive Practices Act, by increasing competition, has forced some firms to reduce their spare capacity. In parts of the electrical engineering industry, excess capacity is kept in existence by the policy of public bodies which distribute orders widely among manufacturers.

Vehicles

The car makers, in the Institute's first enquiry in July 1958, reported that they were working close to capacity ; annual output was then running at the rate of just over a million cars (seasonally adjusted). Between then and November 1959, much of the large-scale investment of previous years came to fruition, making possible an increase in output of about one-third, to an annual rate of 1.4 million cars. A further increase of 10-15 per cent is planned in the next six months. Component makers, whether large or small, supplying large or small components, are working to capacity.

In spite of the sharp rise in output during 1959 (table 3), there is still some spare capacity in tractors and in commercial vehicles (for which demand is still rising).

Makers of diesel locomotives are fully occupied but work for British Railways appears to be near its peak. Orders for wagons have been falling and will continue to do so, but manufacturers are converting to other work.

In the rubber industry, the same trends were noticeable as among makers of components for the motor industry. Little spare capacity remains ; but plans have been laid, in line with those of the car manufacturers, for further expansion.

Machine tools

Orders for machine tools have been rising ; in September new orders, in total, were higher than at any time since November 1954 and it is reported that they continued high in October and November. At the end of 1959, order books were probably equal to about six months' output at full capacity working. In 1956, orders stood at £100 million—over twelve months' output.

Orders exceeded deliveries from July 1959 onwards ; production is bound to have risen in the last quarter of the year—though there are as yet no figures. But this rise in production will not by any means have taken up the excess capacity in the industry.

Other engineering

The engineering firms that are doing best are those making plant for building and civil engineering or for the steel industry : they have little excess capacity. Makers of office machinery continue to do well and the position of makers of agricultural machinery has improved considerably.

Table 5. The recovery in textiles

	1958 II & III	1959 II & III	*Per cent change*	Contribution to change in index of industrial production
	Index numbers, 1954 = 100			
Total textile output	80.8	89.0	*+10*	+0.61
Production of man-made fibres	87	109	*+26*	+0.13
Cotton and man-made fibres				
Spinning	69	73	*+ 6*	+0.04
Weaving	67	67	*0*	0
Woollen & worsted				
Spinning & top-making	86	104	*+20*	+0.16
Weaving	78	87	*+12*	+0.07
Other textile industries[a]	87	94	*+11*	+0.21

Source : *Monthly Digest of Statistics.*
(a) Includes linen and jute, textile finishing, hosiery, carpets, etc.

At the other end of the scale, suppliers of products for ships or mines have been badly hit ; and makers of specialised heavy machinery (except for steel mills) still show large excess capacities. There are signs that even suppliers of machinery for consumer goods industries are doing worse than a year ago.

In heavy electrical engineering, the improved design of generating and distribution plant makes excess capacities persist in spite of rising demand for power stations ; export markets are limited. There was some pessimism about the trend of export orders and the delayed consequences of the investment cuts of two years ago.

Chemicals and paper

Output of chemicals has risen 13 per cent in one year, with only a marginal increase in employment (table 2 and chart 10). In spite of this considerable rise, the firms interviewed in the Institute's survey reported adequate spare capacity for a further large increase. They estimated that they could increase output by about 10 per cent with their existing labour force and a small increase in hours ; with the same rise in hours and a rise of about 2 per cent in the labour force they could raise output about 15 per cent. Capacity increases planned for 1960 are probably greater than those of 1959. Capital expenditure is going to rise again, especially in petro-chemicals.

In the paper industry, little spare capacity remains ; output has recovered, and the increase in capacity has slowed down (footnote 1, page 6). Orders increased rapidly after the end of the printing strike. The rise in production has been greatest in packaging materials where the increase in demand is based on a strong upward trend and was probably amplified by some re-stocking. Newsprint, for which the trend in demand is less favourable, has shown a more modest recovery. Investment plans have been revised upwards, but it is not clear whether the industry in the aggregate will spend more in 1960 than in 1959 ; the formation of the European Free Trade Area may act as a brake on the expansion of capacity in Britain.

Textiles

The cotton industry has accounted for very little of the recovery in textile output ; up to the third quarter of last year, the production of man-made fibres and woollen spinning and top-making explained half the rise, and other textile industries (including textile finishing) most of the rest (table 5).

The cotton reorganisation plan provides not merely for the scrapping of plant already idle, but for a substantial reduction of the capacity currently in use. By April 1960, the number of spindles in the spinning sector is to be reduced to 78 per cent and the number of looms to 85 per cent, of those in use in April 1959 (table 6). This has led to some fears that capacity might be inadequate, which may explain some of the big increases reported in orders.

Production in the cotton industry is running rather higher now than in last April, and as spinning has increased more than weaving some further rise may be expected ; this increase may be partly due to stock-building. It appears likely that there will have to be some increase in shift working in the next few months. Since, however, the tendency is to eliminate plant that is less efficient than average, the increase in machine activity will be proportionately rather less than the decline in capacity.

Table 6. Spindles and looms running in the cotton industry

Index numbers, 1954 = 100

	1955	1956	1957	1958	1959 1st half	*April 1960 (Plant available)*
Cotton & synthetic fibres						
Spindles running (mule equivalent) ..	91	85	84	70	66	*56*
Looms running	90	81	79	68	63	*55*

Source : *Cotton Board Quarterly Statistics.*

Over the longer term, output is likely to decline further. Last year was the first in which imports of cotton and man-made fabrics exceeded exports. The rise in imports may be checked by the agreements with the supplying countries ; but exports, which still take a fifth of home production, will probably continue to decline.

The increase in home consumers' purchases of clothing and household textiles in recent years appears not to have led to an increase in activity in spinning and weaving (table 7). From 1954 to 1958, consumers' spending on clothing and household textiles rose 13 per cent in volume ; home supplies of woollen and worsted cloth fell 19 per cent, and of cotton cloth (including synthetic) 16 per cent. The reasons must be that consumers were buying higher qualities, more materials made from synthetic fibres, and more highly fabricated materials ; and that in some domestic and industrial uses textiles were being ousted by plastics. This trend suggests that, although consumers' expenditure on clothing and textiles is likely to go on rising, this may not lead to any increase in the weight of yarn spun or the yardage of cloth woven.

Bricks

Investment in housing, after declining some 12 per cent from 1956 to 1958, recovered in 1959. Consequently the demand for bricks also rose after a long decline (table 8). But the rise in brick production did not keep pace, and stocks were run down to a level lower than in any other post-war year, except 1953.

Housing starts were higher by about a fifth in the first eleven months of last year than in the same period of 1958. Since other building is also rising, the demand for bricks is bound to grow. It will be difficult to raise brick output fast enough to meet the rise in demand ; in the years of decline, a large number of small producers went out of business and are now unlikely to return, and the industry—although its output is still below the 1954 peak—is probably producing at something like full capacity. There will, therefore, probably be some lengthening of the average time taken to complete a house, and also some switch to substitutes for bricks so far as supplies are available. In earlier post-war years, bricks were imported on a very small scale.

Steel

During 1959 there was almost a complete recovery in the steel industry—about half of it due to higher consumption and the other half to more exports and less stock withdrawal (chart 6). Stocks were still being reduced throughout 1959, but at a decreasing rate, and the turning point was probably reached by the end of the year (table 9). At that time production was running at an annual rate of 23 million tons, over 93 per cent of capacity. Steel capacity is, however, rather more elastic than this figure of 93 suggests ; actual capacity may be larger than nominal.

Table 7. Textiles : home market supplies and consumption

Index numbers, 1954 = 100

	1954	1955	1956	1957	1958	1959[b]
Consumers' expenditure on clothing and household textiles[a]	100	108	112	113	113	114
Home supplies of cloth :						
cotton and man-made	100	93	90	93	84	79
woollen and worsted	100	93	86	90	81	81
Consumption of hosiery yarns	100	102	104	106	90	..

Source : *National Income Blue Book, Monthly Digest of Statistics, Cotton Board Quarterly Statistics.*

(a) At constant (1954) prices.
(b) Estimated.

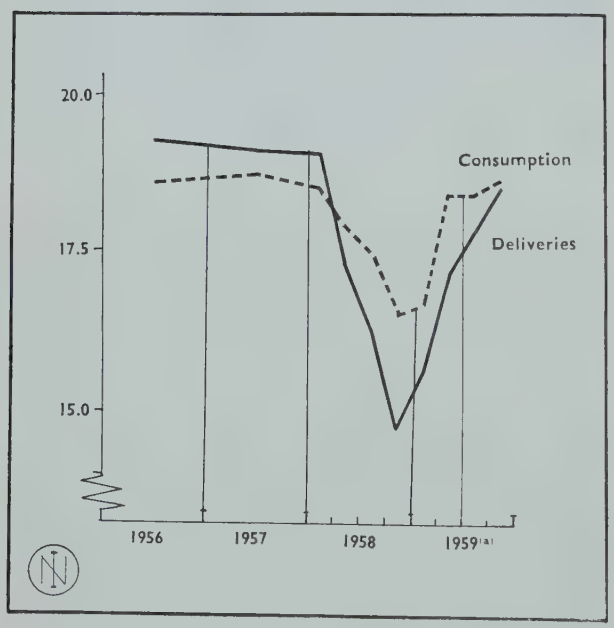
Table 8. Brick production and consumption, and house building

	1955	1956	1957	1958	1959(p)
Bricks (*billion*)					
Production	7.16	7.13	6.91	6.44	7.00
Stock change(a)	+ 0.04	− 0.07	− 0.13	− 0.04	− 0.27
Consumption	7.20	7.06	6.78	6.48	7.27
Level of stocks(b)	0.19	0.25	0.38	0.35	0.09(c)
Consumption (*Index numbers, 1955 = 100*)	*100*	*98*	*94*	*90*	*101*
House building(d) (*Index numbers, 1955 = 100*)	*100*	*97*	*94*	*88*	*98*

Source : *Appendix table 7, Monthly Digest of Statistics.*
(a) A plus sign indicates withdrawals from stocks.
(b) At end of period.
(c) End-November 1959.
(d) Investment in housing at 1954 prices.
(p) Provisional.

Chart 6. Home deliveries and consumption of steel

Million tons, ingot equivalent



Source : *Iron and Steel Monthly Statistics.*
(a) Provisional.

It should be possible for the industry to supply 25.5 million tons in 1960, if the demand is there—about a quarter more than in 1959, and 10 per cent more than the rate in the last quarter. This would allow consumption to rise 13 per cent above 1959, and still leave room for stocks to rise by as much as they fell in 1958 and 1959.(1)

(1) This assumes that imports stay at their low 1959 level, and that exports in 1960 are 10 per cent higher.

The prospects for investment, engineering exports and consumers' expenditure (pages 25-28), suggest that home steel consumption is hardly likely to rise by as much as 13 per cent ; crude steel capacity in 1960 should be sufficient for all likely requirements.

Sheet Steel

Output of sheet steel, however, may continue to be short. Consumption of sheet steel went on rising in 1958 while total steel consumption fell ; by the end of 1959, when total steel consumption had only just recovered to its 1956 level, sheet consumption was 35 per cent above it (chart 7, table 10).

In 1960, the adequacy of sheet supplies will depend mainly on the course of car production. If the output of cars continued throughout 1960 at the annual rate reached at the end of 1959 (over 18 per cent above the average for the year, seasonally adjusted) this alone would add over 160 thousand tons to sheet consumption in 1960 compared with 1959. Allowing for an increase of only 5 per cent in the consumption of other sheet users, total sheet consumption would rise by about 235 thousand tons. Sheet capacity should rise by roughly 400 thousand tons in 1960 but most of the increase will not be available until the second half of the year. Large imports of sheet have already been arranged. Hence, assuming no reduction in exports, some increase in the rate of sheet imports in the first half of 1960 appears unavoidable.

In fact, an increase in car output during this year is highly probable ; indeed, in the Institute's recent enquiry, car manufacturers indicated that they expected a further increase of some 10-15 per cent

Table 9. Output and use of steel

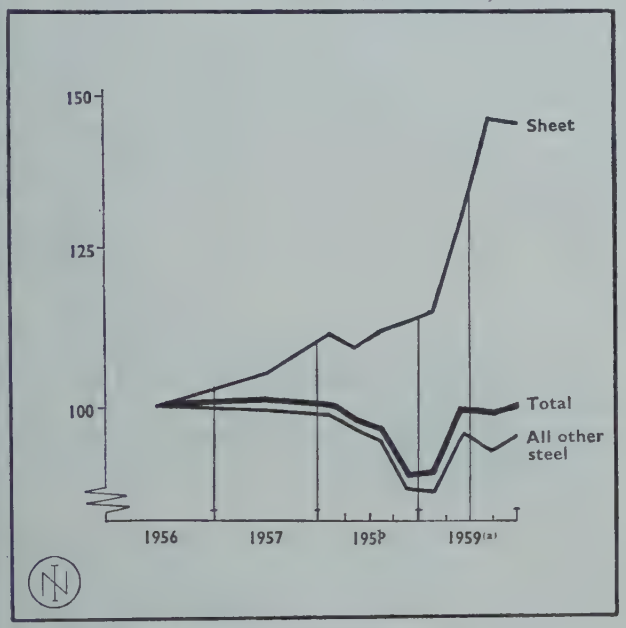
Million tons, ingot equivalent, annual rates

	1957	1958	1959(p)	1958		1959			
				III	IV	I	II	III	IV(p)
Supplies from home production	**22.0**	**19.6**	**20.5**	**16.9**	**18.6**	**19.0**	**20.6**	**19.1**	**23.4**
Imports	1.0	0.6	0.5	0.5	0.3	0.3	0.6	0.5	0.6
Stock change(a)	−0.4	+0.7	+0.6	+1.4	+1.6	+1.0	+1.0	+0.8	0.4
Exports	3.9	3.3	3.7	3.0	3.5	3.1	3.4	3.7	4.6
Estimated consumption :									
Unadjusted(b)	*18.6*	*17.6*	*17.9*	*15.8*	*17.0*	*17.2*	*18.9*	*16.7*	*19.0*
Seasonally adjusted	**18.6**	**17.6**	**17.9**	**17.4**	**16.6**	**16.6**	**18.3**	**18.4**	**18.5**

Source : Iron and Steel Board, NIESR estimates.
(a) A plus sign indicates withdrawals from stocks. (b) Figures in columns may not add because of rounding.
(p) Provisional.

Chart 7. Consumption of sheet steel and all finished steel

Index numbers, 1956 = 100



Source : Iron and Steel Board, NIESR estimates.
(a) Provisional.

above end-1959 rates by mid-1960. At the same time, consumers will probably attempt to add to their stocks of sheet. Any such increases in requirements are likely to raise imports still further.

The balance of payments cost of inadequate sheet capacity is not measured solely by the import bill for sheet ; exports have been restricted—in 1958 by licence and in 1959 by agreement. There was probably sufficient foreign demand in those two years for exports of a million tons, compared with actual exports of about three quarters of a million. If capacity had been sufficient both to replace imports and to increase exports, the balance of payments might have been improved, on average, by £20 million in 1958 and in 1959. In 1960, the cost to the balance of payments is likely to be greater.

Shipbuilding and shipping

The British shipbuilding industry was one which showed no recovery during 1959 ; both output and order-books continued to decline to the end of the third quarter. World figures of launchings and ships

Table 10. Output and use of steel sheet

Million finished tons, annual rates

	1955	1956	1957	1958	1959(p)	1959			
						I	II	III	IV(p)
Supplies from home production	**2.12**	**2.00**	**2.14**	**2.12**	**2.40**	**2.23**	**2.38**	**2.33**	**2.66**
Imports	0.46	0.20	0.16	0.19	0.29	0.17	0.33	0.28	0.37
Stock change(a)	−0.19	−0.05	+0.10	+0.03	0.00	+0.10	+0.01	+0.05	−0.16
Exports	0.40	0.39	0.52	0.37	0.37	0.33	0.37	0.37	0.43
Home consumption									
As recorded(b)	*2.00*	*1.77*	*1.88*	*1.97*	*2.31*	*2.17*	*2.35*	*2.29*	*2.44*
Seasonally adjusted	**2.00**	**1.77**	**1.88**	**1.97**	**2.31**	**2.04**	**2.29**	**2.56**	**2.40**

Source : Iron and Steel Board and NIESR estimates.
(a) A plus sign indicates withdrawals from stocks.
(b) Figures in columns may not add up to totals because of rounding.
(p) Provisional.

Table 11. Shipbuilding and shipping

Million gross tons, annual rates

	1954	1955	1956	1957	1958 I	1958 II	1958 III	1958 IV	1959 I	1959 II	1959 III	1959 IV
World shipbuilding												
Under construction[a]	5.9	6.6	8.1	9.9	10.1	10.2	10.1	10.0	10.0	9.7	9.8	
Launchings	5.2	5.3	6.7	8.5	8.5	9.7	9.0	10.0	8.5	8.9	8.3	
of which												
U.K. (per cent)	*27*	*28*	*21*	*17*	*12*	*14*	*18*	*16*	*13*	*16*	*14*	
W. Germany (per cent)	*18*	*17*	*15*	*14*	*15*	*14*	*16*	*17*	*15*	*13*	*13*	
Japan (per cent)	*8*	*16*	*26*	*29*	*28*	*21*	*23*	*17*	*22*	*15*	*23*	
World shipping[a][b]												
Non-tankers :												
Registered	73.0	73.8	76.6	78.3	79.3	80.3	81.3	82.1	83.0	83.8	84.6	
In operation[c]				77.4	76.3	75.8	76.2	77.1	78.0	79.2	80.3	
Tankers :												
Registered	24.4	26.8	28.6	31.9	32.9	33.9	34.9	35.9	36.5	37.3	38.0	
In operation[c]				31.2	31.0	30.5	32.3	33.5	33.8	33.3	33.6	
Laid up :												
Non-tankers				*0.9*	*3.0*	*4.5*	*5.1*	*5.0*	*5.0*	*4.6*	*4.3*	*3.1*
Tankers				*0.7*	*1.9*	*3.4*	*2.6*	*2.4*	*2.7*	*4.0*	*4.4*	*3.2*

Source : British Chamber of Commerce, *Lloyd's Register of Shipping Statistical Tables* 1959.

(a) At end of period.
(b) Figures other than end-year figures are estimates.
(c) Total registered *less* laid-up shipping.

under construction levelled off in 1958 and began to fall a little in 1959 (table 11) ; Britain's share of launchings, which had been falling for some years, does not appear to have fallen further last year.

There are, however, some signs of recovery in the world shipping industry. World employment of ships (that is, registrations *minus* ships laid up) only fell for a short period in 1958, and has been rising since June of that year ; in the middle two quarters of 1959 the tonnage of ships employed was 5½ per cent higher than in the same period of 1958 (chart 8). But registrations over this period rose slightly faster than employment ; so the tonnage laid up increased by a million tons (table 11).

In the last quarter of 1959, tonnage laid up fell quite sharply, by 2½ million tons ; and tramp shipping freight rates—particularly time charter rates—began to recover.

Table 12. Coal and oil consumption

Million tons

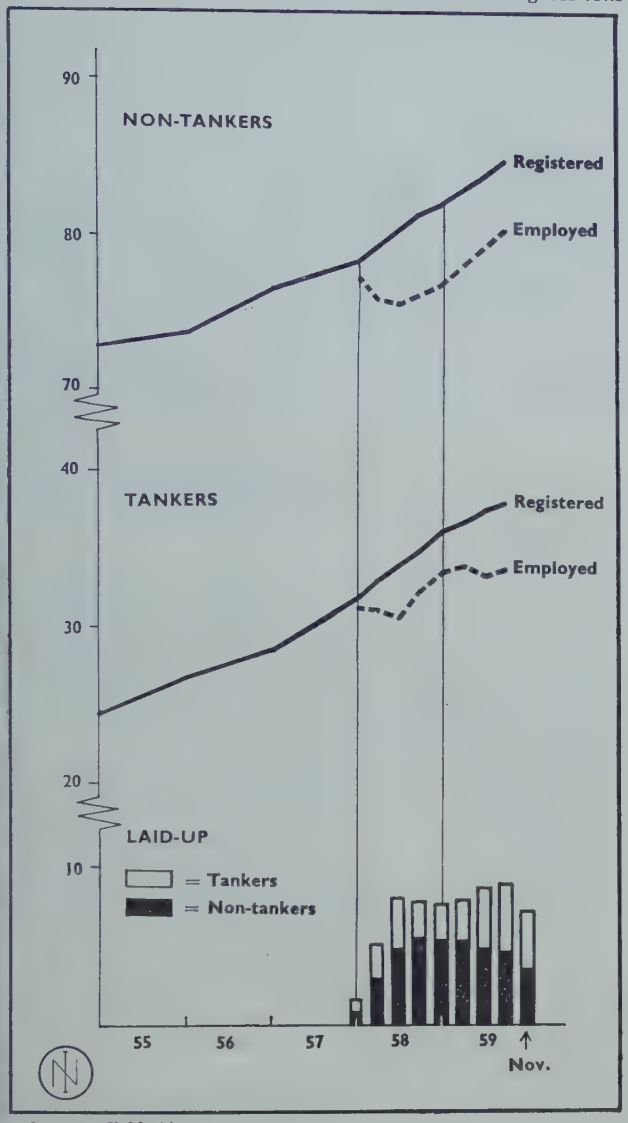
	Jan.-Nov. 1958		*Jan.-Nov. 1959*		*Per cent change*	
	Coal	Oil	Coal	Oil	Coal	Oil
Electricity	40.79	2.21	40.58	3.74	− ½	+70
Gas	22.12	0.58	20.05	0.63	− 9	+ 8
Iron and steel	4.06	2.31	3.61	2.59	−11	+12
Other industry	26.13	3.17	24.59	3.82	− 6	+20
Railways	10.28	0.07	9.23	0.12	−10	+74
Space heating	42.08	1.62	39.20	1.70	− 7[a]	+ 5[b]

Source : *Monthly Digest of Statistics.*

(a) Domestic, shops, offices, etc. (b) Deliveries of oil for central heating.

Chart 8. World shipping

Million gross tons



Source : *Table* 11.

Table 13. Analysis of change in deep-mined production

	Units	1958	1959	*Effect on annual output (mn. tons)*
Average manpower on books ..	'000	699	665	*−10*
Shifts worked per wage-earner ..	*number*	4.40	4.25	*− 7*
Output per manshift, overall ..	*tons*	1.265	1.332	*+10*
Tonnage lost : holidays & disputes ..	*mn. tons*	14.63	13.97	*+ 1*

Source : Ministry of Power.

Coal

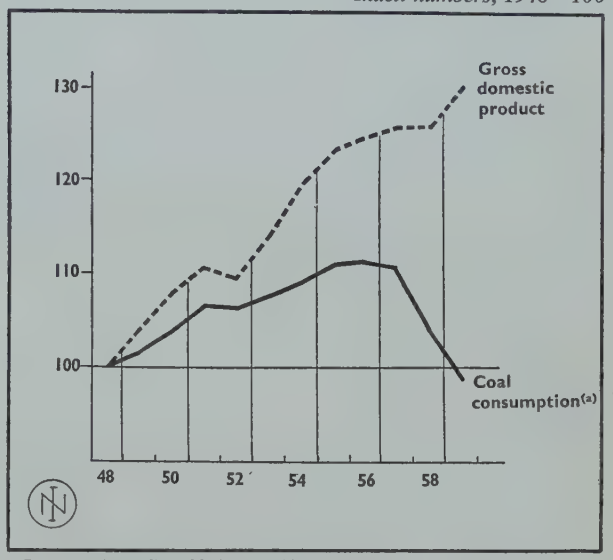
There has been a sharp divergence since 1956-57 between the movements of national output and coal consumption (chart 9). In spite of the rise in industrial production, the fall in coal consumption—adjusted for temperature—was nearly as great in 1959 as in 1958. Much the most important reason for this divergence was the shift to oil (table 12).

Production fell in 1959—but by less than the fall in employment, or in the number of shifts worked, since output per manshift rose 5½ per cent (table 13). This was a bigger rise in one year than in the previous seven.

Consumption fell more than production and stocks rose substantially, for the third year running. Consumers' stocks fell by some 3 million tons over the year, but producers' stocks rose continuously until the last few weeks of the year, when there was a slight reduction for the first time for nearly two years.

Chart 9. Coal consumption and national output

Index numbers, 1948 = 100



Source : *Appendix table* 1, *Monthly Digest of Statistics*, NIESR estimates.
(a) Adjusted for temperature changes.

Capacity : summary

It does not seem likely that capacity, or the supply of basic materials, will set the limit to the rise in output in 1960. There should be enough crude steel, and home supplies of sheet steel can be supplemented by imports. The only important material which is likely to hold up production is bricks.

There is still widespread spare capacity in engineering. The small number of firms producing to capacity—car firms, car component manufacturers, and the manufacturers of consumer durables—plan to bring new capacity into use in 1960 ; and demand for these goods is likely to rise more slowly than in 1959 (page 26). In the metal-using industries as a whole, capacity will probably continue to rise in 1960, as in

Table 14. The rise in productivity

Index numbers, 1958 1st qtr. = 100, seasonally adjusted

	1958		1959			
	III	IV	I	II	III	IV(p)
Gross domestic product	99.5	100.9	101.2	103.6	104.7	106.3
Total in civil employment	99.6	99.2	98.8	99.1	99.7	100.3
Total productivity	99.9	101.7	102.4	104.5	105.0	106.0
Industrial production	98.1	99.3	100.4	103.5	105.7	109.2
Employment in industrial production	99.0	98.3	97.8	98.3	99.1	99.8
Industrial productivity	99.1	101.0	102.7	105.3	106.7	109.4

Source : *Appendix tables* 1, 2 *and* 3.
(p) Provisional.

the past, by 4 to 5 per cent a year. Outside engineering, the cotton reorganisation plan will require more shift-working in the cotton industry ; but there should be no great strain on capacity here.

Difficulties are rather more likely with the supply of labour than with capacity. The demand for labour in the country as a whole was not particularly high, by post-war standards, at the end of 1959 ; but in the South and Midlands there were some signs of shortages. About a third of the firms which were interviewed in the Institute enquiry made some mention of labour shortages ; most of them were in the Midlands or the South. The next section examines the changes in productivity and the movements in the labour force in 1959, and considers how big an increase in employment is possible in 1960. It is summarised on page 22.

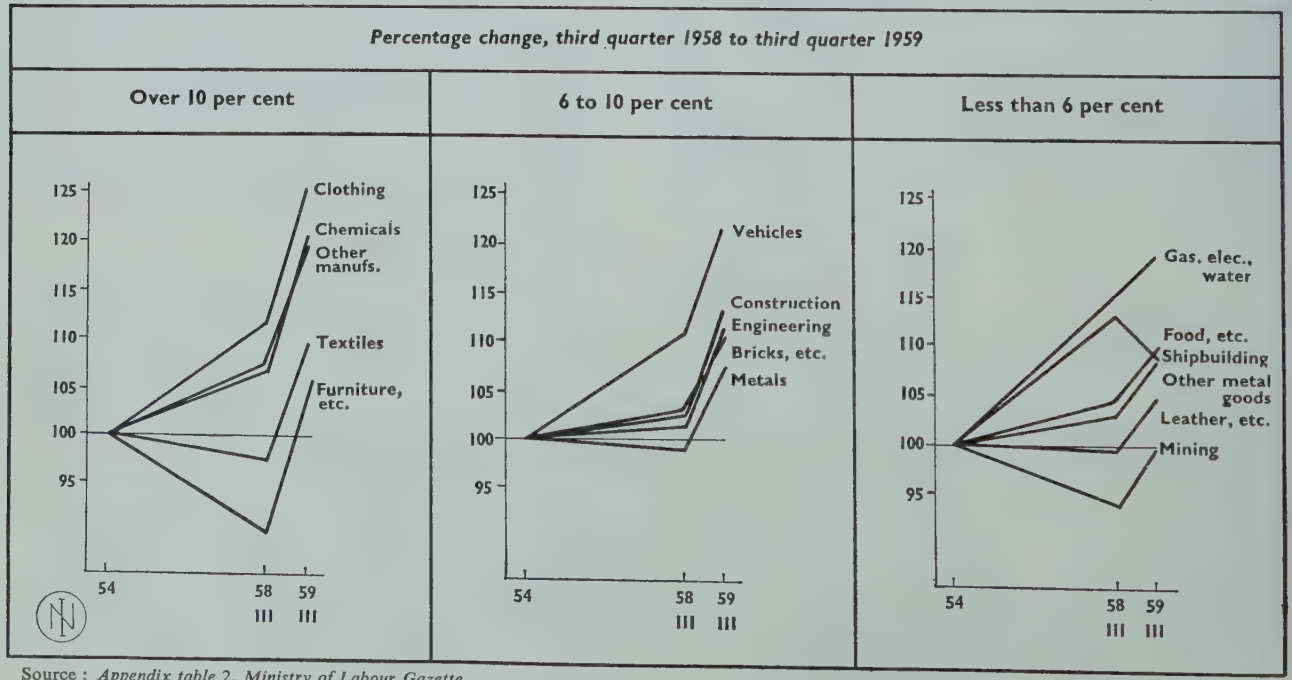
Labour

Changes in 1959

The rise in output was accomplished with only a small rise in employment (table 14); output per person from end-1958 to end-1959, in the economy as a whole, rose some 4 per cent, and output per person employed in industry rose 8½ per cent, faster than in any other post-war year. This confirms that there was substantial under-employment in industry in the preceding years. Output per man-hour in industry rose about 7 per cent—rather less than output per person employed : there was a rise in the average number of hours worked, of perhaps ½-¾ hour a week

Chart 10. Changes in output per person employed, by industry(a)

Index numbers, 1954 = 100



Source : *Appendix table* 2, *Ministry of Labour Gazette.*
(a) 'Paper and printing' is omitted, because of the strike in the third quarter.

Table 15. Changes in employment in selected industries

End-month figures

	Change, '000		*Change, per cent*	
	Oct. 1957 to Oct. 1958	Oct. 1958 to Oct. 1959	Oct. 1957 to Oct. 1958	Oct. 1958 to Oct. 1959
Some industries gaining labour in 1959				
Distribution, non-food	− 10.0	34.0	− 0.6	2.0
Manufacture of motor vehicles and cycles	− 7.7	32.3	− 2.4	10.4
" Other electrical goods " (mostly household durables)	− 1.6	18.8	− 0.9	10.3
Parts and accessories for motor vehicles and aircraft	− 3.0	17.6	− 1.7	10.2
Wireless apparatus and gramophones	− 4.5	15.7	− 3.1	11.2
Paper and printing	− 1.1	14.2	− 0.2	2.4
Chemical and allied trades	− 0.6	10.8	− 0.1	2.0
Woollen and worsted	− 14.9	9.0	− 7.2	4.7
Iron and steel manufacture, rolling, etc.	− 26.9	8.6	− 5.8	2.0
Motor repairers and garages	10.1	8.2	3.5	2.7
Furniture and upholstery	− 2.6	6.8	− 2.0	5.3
Rubber	− 6.3	6.3	− 5.3	5.6
Bricks, pottery, glass, cement, etc.	− 13.0	6.1	− 3.9	1.9
Non-ferrous metals smelting, rolling, etc.	− 4.2	4.4	− 3.6	3.9
Bread and flour confectionery	1.7	4.2	0.9	2.3
Hosiery and other knitted goods	− 5.9	3.0	− 4.8	2.5
Electricity	− 1.1	2.7	− 0.5	1.3
Rayon, nylon, silk, etc., production and weaving	− 8.4	2.3	− 9.6	2.9
Electrical wires and cables	− 5.7	0.5	− 8.7	0.8
Some industries losing labour in 1959				
Coal mining	− 17.9	− 43.3	− 2.3	− 5.6
Agriculture and fishing	33.0	− 23.0	3.3	− 2.2
British Railways[a]	− 26.0	− 17.5	− 4.5	− 5.0
Manufacture and repair of aircraft	− 11.3	− 13.4	− 4.4	− 5.4
Shipbuilding, ship repairing and marine engineering	− 18.5	− 12.8	− 6.3	− 4.7
Cotton	− 30.4	− 9.2	− 12.2	− 4.2
Road passenger transport	− 5.9	− 9.2	− 2.1	− 3.4
Locomotive and railway equipment	− 19.5	− 7.4	− 12.0	− 5.1
Food distribution	− 8.1	− 6.7	− 1.0	− 0.8
Cocoa, chocolate and sugar confectionery	− 4.7	− 5.9	− 3.8	− 4.9
Gas	− 3.2	− 5.3	− 2.3	− 4.0
Theatres, cinemas, music halls, concerts, etc.	− 2.4	− 5.0	− 1.9	− 4.0
Catering, hotels, etc.	− 18.7	− 4.7	2.9	− 0.7
Merchant Navy[b]	− 7.7	− 3.2	− 5.0	− 2.2
National Dock Labour Board[c]	− 2.3	− 1.7	− 3.1	− 2.4
Machine tools and engineers' small tools	− 7.0	− 1.5	− 5.8	− 1.3
Textile machinery and accessories	− 6.6	− 0.1	− 11.3	− 0.2
Total manufacturing	− 239.1	164.8	− 2.6	1.8
Total non-manufacturing	− 7.0	− 15.0	− 0.1	− 0.1

Source : *Ministry of Labour Gazette*, *Transport Statistics* and information supplied by the Ministry of Transport and the National Dock Labour Board.
(a) End-November. (b) Effective strength. (c) Actual main register, end-December.

in industry, or 1-1½ per cent.

Productivity rose sharply in almost every industry group for which separate production indices are available (chart 10) ; the only exceptions are shipbuilding—where production fell—and paper and printing, where the printing strike affected production. Output also fell in mining ; in spite of this, there was an unprecedented rise in output per manshift (table 13).

In the year ending in October, there was a good deal of movement from declining industries—such as railway equipment, coal mining, aircraft and shipbuilding—to the vehicles and durable consumer goods industries (table 15). Shipbuilding and the aircraft industry both reduced their labour force by about 5 per cent during the year ; the manufacture of vehicles and components, of ' other electrical goods ', and of radio and television equipment, all gained 10 per cent or more. The cotton industry went on losing labour, although its output was rising ; other textile industries increased their employment again—

though by less than the fall in 1958. By the end of the year, the demand for labour in relation to the supply —as measured by the adjusted differences between vacancies and unemployment[1]—was still lower than in any of the years from 1953 to 1957, and roughly the same as in 1952.

Prospect for 1960

The analysis of demand (page 28) suggests that it will rise enough to increase total output 3 to 4 per cent between the end of 1959 and the end of 1960. From the end of 1958 to the end of 1959, total national output rose about 5½ per cent, with only a 1 per cent increase in the total in civil employment. During 1960, it is reasonable to suppose that productivity will rise more slowly ; there must be less under-employment in industry than there was in 1958, and the introduction of shorter hours may encourage employers to take on more workers, if possible, rather than pay extra overtime. A 3-4 per cent rise in national output should be possible with about a 1 per cent increase in employment.

The proportion of people who are in employment, or seeking it, has tended to rise in post-war years (table 16). Between 1950 and 1957, the proportion of men available for civil employment rose from 74.7 per cent to 78.0 per cent[2] and the proportion of women available rose from 34.8 per cent to 37.7 per cent. In 1958, the figures dropped—in spite of a reduction in the armed forces equivalent to 0.35 per cent of the male population. In 1959—though the age distribution of employees is not known—it is clear that the 1957 proportions were not regained.

With demand rising, the 1957 proportions might well be regained by the end of 1960. This is indeed a conservative assumption, since experience suggests that these proportions tend to rise. But it would permit an increase in employment of 1½ per cent from the end of 1959 to the end of 1960. This takes account of the expected reduction in the size of the armed forces, and of the rising proportion of teenagers at school ; it also allows for 350 thousand wholly unemployed, or 1.5 per cent, about the same number as in 1957.[3]

By mid-1963, if the proportion in each age-group which is willing to work remains as in 1957—apart from reduced armed forces and more teenagers at school—total employment in 1963 would be 6.2 per cent higher than at the end of 1959, an annual increase of 1.8 per cent. If the proportions willing to work continue to rise in some age-groups,[3] though more slowly than from 1950-57, employment by mid-1963 could be 9.5 per cent higher than in 1959—an annual increase of 2.7 per cent. Both calculations assume 350 thousand unemployed, and take account of expected reductions in the armed forces. But they take no account of the regional differences.

Table 16. Percentage of total population available for civil employment[a] in Great Britain (actually employed or registered unemployed)

End of May, per cent

	1950	1951	1955	1957	1958
Men					
Age 15-19	63.9	66.5	68.8	69.6	71.4
20-34	85.3	87.3	88.2	88.6	88.4
35-49	85.5	87.1	86.8	88.0	88.1
50-64	80.0	81.9	83.6	84.7	84.3
65-	22.0	23.1	25.3	26.1	24.7
Total ..	**74.7**	**76.5**	**77.3**	**78.0**	**77.9**
Women					
Age 15-19	78.5	77.6	78.5	77.1	74.7
20-34	47.6	48.2	49.0	48.7	47.8
35-49	35.8	37.3	40.9	42.4	42.4
50-59	29.4	30.6	34.9	37.7	38.2
60-	6.2	6.3	7.8	8.8	8.9
Total ..	**34.8**	**35.4**	**37.1**	**37.7**	**37.3**
Total number available for employment (millions)					
Great Britain	20.59	20.71	21.46	21.85	21.82
Northern Ireland ..	0.46	0.47	0.47	0.48	0.47
United Kingdom ..	**21.05**	**21.17**	**21.93**	**22.33**	**22.29**
of which wholly unemployed ..	0.32	0.23	0.25	0.32	0.48
Total employed	**20.73**	**20.94**	**21.68**	**22.01**	**21.81**

(a) Excludes self-employment and armed forces.

Regional analysis

The recovery has done nothing to diminish the size of the ' unemployment gap ' between the South of Britain on the one hand, and the North and West on the other ; this gap was already widening in 1957,[4] and since then it has, if anything, widened further. In November 1959 the ratio of unemployment to unfilled vacancies was virtually back to the end-1957 level in Southern England and the Midlands ;[5] but

(1) Statistical Appendix, table 3.

(2) The size of the armed forces was practically the same in the two years.

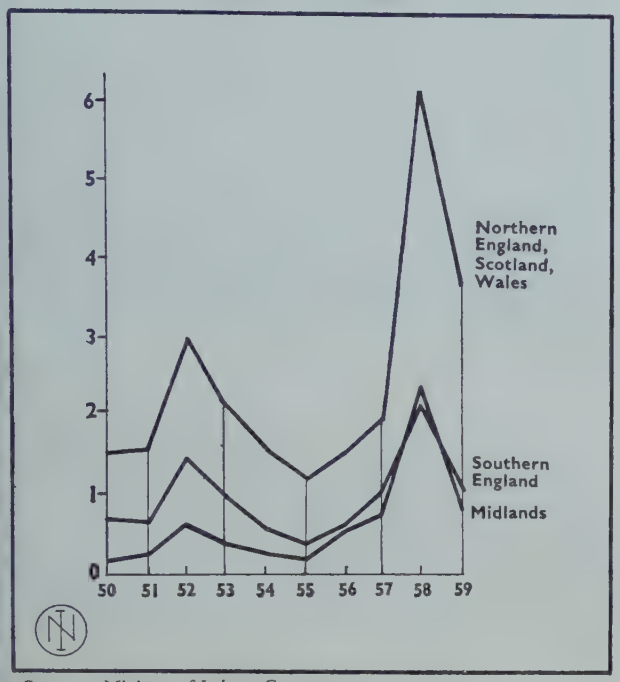
(3) The calculations are given in more detail in the Appendix, page 43.

(4) *National Institute Economic Review*, no. 2, March 1959.

(5) Southern England is used to cover the London and South Eastern, Eastern, Southern, and South Western regions ; the Midlands to cover the Midland and North Midland regions ; and the North of England to cover the East and West Ridings, North Western and Northern regions.

in the North of England, Scotland and Wales[1] there were still, in November 1957, twice as many unemployed for each vacancy as in November 1957 (table 17 and chart 11).

Chart 11. Regional ratios of unemployment to unfilled vacancies



Source : *Ministry of Labour Gazette.*

Table 17. Regional ratios of unemployment to unfilled vacancies

Mid-November

	South of England	Midlands	North of England, Scotland & Wales	N. Ireland
1950	0.7	0.2	1.4	..
1951	0.7	0.2	1.5	..
1952	1.4	0.6	3.0	88.0
1953	1.0	0.4	1.9	51.0
1954	0.6	0.2	1.4	33.3
1955	0.4	0.2	1.1	41.0
1956	0.6	0.6	1.4	39.7
1957	1.0	0.8	1.8	45.3
1958	2.0	2.2	6.1	56.4
1959	1.0	0.8	3.7	34.7

Source : *Ministry of Labour Gazette.*

The reserves of female labour—those not employed or registered as unemployed—are also outside the South of England, in the Northern region, in Wales, and to a lesser extent in Scotland. This was so even in 1957.

(1) See footnote 5, page 20.

Table 18. Proportion of women employed,[a] by age and region

end-May 1957

	Age 15-34	Age 35-64	Age 65-
South of England	56.6	39.4	5.0
Midlands	54.9	38.8	5.3
East and West Ridings ..	57.7	38.8	3.6
North West	61.0	43.1	4.8
North	48.1	27.1	3.6
Wales	43.2	22.9	1.7
Scotland	54.9	34.2	4.4

Source : *Ministry of Labour Gazette*, Registrar-General.

(a) Women in employment or registered as unemployed, excluding self-employed and H.M. Forces, as a percentage of the total female population in each age group.

To judge from post-war experience, this geographical imbalance in the supply and demand for labour is unlikely to be righted by moving the labour. Comparatively high unemployment percentages have persisted in Wales, Scotland, and more particularly in Northern Ireland since the end of the war. The net movement of labour out of Scotland and Wales to other parts of Britain appears to be under ½ per cent of their labour force annually.

Scotland

The unemployment rate in Scotland in November 1959 was 4.3 per cent. Scotland's industrial structure is biased towards heavy engineering, and she has only a very small share of the United Kingdom's output of consumer durables (table 19). The decline in shipbuilding is particularly damaging.

Table 19. Employment in Scotland : percentage of total U.K. employment, 1958

All industries	**10**
Shipbuilding and repair	23
Marine engineering	27
Boilers and boilerhouse plant	35
Constructional engineering	13
Locomotives, carriages, wagons	26
Mining	12
Motor vehicles and cycles	2
Wireless, gramophones..	1
Valves and lamps	4
Other electrical, telephones, etc.	5

Source : *Scottish Digest of Statistics, Ministry of Labour Gazette.*

Her steel industry has consequently recovered less than that of the rest of Britain ; plates and heavy sections account for two-thirds of her steel produc-

tion, compared to one-third for the British steel industry as a whole. In the third quarter of 1959 Scottish steel output was still 18 per cent below the third quarter of 1957, compared with 6 per cent for the country as a whole.

The results of the Institute's enquiry into capacity and output showed that the position of Scottish firms was systematically worse than average ; their spare capacity averaged 25 per cent. A large number of them reported that orders were still falling ; their capital expenditure had declined and showed no signs of revival.

There appears to have been no response in Scotland to the policy of increasing local authority house building. In England and Wales, housing starts rose 30 per cent (comparing the first nine months of 1959 and 1958), and in Northern Ireland they more than doubled. In Scotland they declined fractionally.

The labour position : summary

There is a sufficient reserve of labour in the United Kingdom as a whole to allow a $1\frac{1}{2}$ per cent increase in employment during 1960 ; but the reserve is not evenly distributed over the country. The recovery in demand so far has tended to be concentrated in the Midlands and the South of England. In 1960 also the rise in demand is likely to favour the South rather than the North—though probably less so than in 1959 ; there should be some recovery in heavy engineering, but coal mining and shipbuilding will probably continue to decline. There may, therefore, be labour shortages in the Midlands and South, coupled with comparatively high unemployment rates in the North of England, Scotland and Wales.

CHAPTER 2. THE PROSPECTS FOR 1960

Demand and output continue to rise. The problem is whether the rise in total demand—or in demand for particular types of goods—will be too large or too small in relation to the productive capacity of the economy. As the last chapter shows, the reserves of idle capacity and of labour are rather smaller than they were. There is certainly still scope for further expansion : capacity grows all the time. But the pace at which demand grows and the pattern of its growth must now be more carefully controlled.

The following sections consider, first, what is likely to happen to incomes, costs and prices in 1960 ; secondly, how demand is likely to develop if policy is unchanged ; thirdly the likely course of the balance of payments and the reserves ; and lastly the implications for the Budget and for economic policy generally.

Incomes and prices

From the middle of 1958 to the middle of 1959 prices were practically stable. In the second half of the year the general level of prices rose slightly (table 20). The change in trend cannot be wholly explained by seasonal or other temporary forces. In the first half of the year, the tax reductions in the Budget, together with the seasonal fall in coal prices and a fall in food prices, outweighed continuing increases in the prices of transport, services and housing. Retail prices therefore declined slightly. In the second half of the year coal prices rose seasonally but there were also increases in the prices of a number of products which previously had been stable—clothing and footwear, alcoholic drink, tobacco and miscellaneous goods.

The recent price rise has not been due to rising costs. Since the end of 1958 there has been a large increase in output per man. At the same time, the pressure of demand for labour has remained low and that has helped to moderate the rise in wage rates. Consequently, labour costs per unit of output appear to have declined moderately during the year (table 21). Up to the middle of the year, import prices were also falling slightly, and the small increase since then should not yet have affected prices (chart 12).

Table 20. Price trends

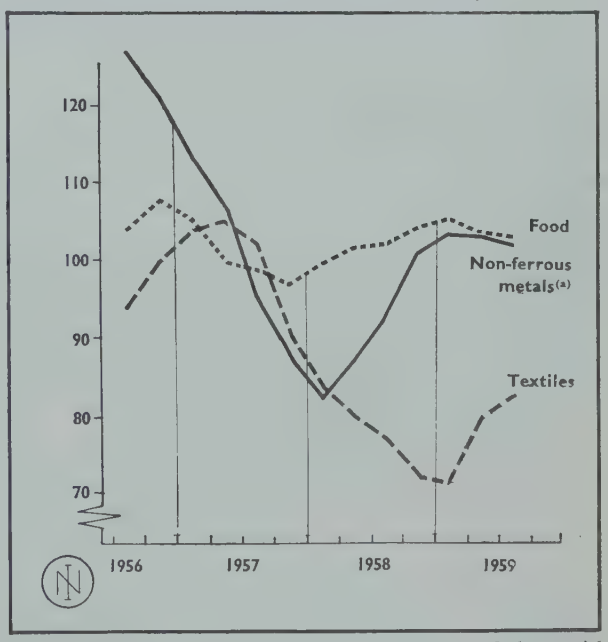
Percentage increases

	1958	1959	1959
	II to IV	IV to II	II to IV
All final prices	— 0.4	— 0.1	0.5(p)
(average values) of which			
Exports, goods and services	— 0.7	0.6	0.5(p)
Capital goods ..	— 0.3	— 0.9	..
Consumer goods and services	— 0.2	— 0.2	0.5(p)
	June-Dec.	Dec.-June	June-Nov.
Retail prices	0.0	— 0.8	0.8(a)
Food	*— 1.5*	*— 0.7*	*— 0.2*
Alcoholic drink ..	*0.2*	*— 7.6*	*0.2*
Tobacco	*0.0*	*0.0*	*0.4*
Housing	*2.4*	*2.4*	*0.8*
Fuel and light	*5.5*	*— 4.7*	*6.8*
Durable household goods	*— 0.3*	*— 1.8*	*— 0.4*
Clothing and footwear	*— 0.4*	*— 0.2*	*0.6*
Transport and vehicles	*— 0.2*	*1.2*	*1.7*
Miscellaneous goods ..	*0.7*	*— 0.5*	*0.6*
Services	*0.8*	*0.8*	*0.4*

Source : *Monthly Digest of Statistics, Appendix table 4,* NIESR estimates.
(a) December.
(p) Provisional.

Chart 12. Import price indices : food, metals, textiles

Index numbers, 1957 = 100



Source : NIESR calculations, using the components of the special import price index in the Statistical Appendix, table 20.
(a) Excluding aluminium.

Profit margins, on the other hand, rose sharply and are estimated to have been as high in 1959 as at any time during the last five years (table 22). Higher demand, besides reducing unit costs by inducing a recovery in output, must also have made it easier for business to maintain or raise prices.

Table 21. The trend in costs

Percentage changes from previous period, seasonally adjusted

	1952-55 annual average	1958	1959[a]	1958 I	1958 II	1958 III	1958 IV	1959 I	1959 II	1959 III
Output per head	+2.8	+0.8	+4.0	+0.6	−0.2	−0.1	+1.8	+0.7	+2.1	+0.5
Wage rates	+5.6	+3.5	+2.6	+0.5	+0.3	+1.0	+1.7	+0.4	+0.2	+0.2
Average wages and salaries	+6.2	+3.7	+3.7	+1.3	+0.4	+0.4	+1.5	+1.2	+1.2	0.0
Labour costs per unit of output[b]	+3.0	+3.9	−0.5	+0.8	+1.1	+0.6	−0.4	+0.3	−0.8	−0.4
Import prices	−2.7	−7.8	−0.5	−3.2	−0.3	−0.4	+0.4	−0.7	−1.3	+1.0
Labour costs plus import costs per unit of output[c]	**+1.6**	**+1.0**	**−0.5**	**−0.2**	**+0.8**	**+0.4**	**−0.2**	**+0.1**	**−0.9**	**+0.1**
Labour costs plus import costs (lagged six months) per unit of output[c]	*+0.9*	*+1.6*	*−1.3*	*−0.3*	*+0.1*	*−0.2*	*−0.4*	*+0.2*	*−0.5*	*−0.5*
Final prices	**+1.8**	**+2.1**	**+0.5**	**+0.3**	**+1.0**	**−0.8**	**+0.4**	**+0.7**	**−0.6**	**0.0[p]**

Source : *Monthly Digest of Statistics, Appendix tables 1, 3, 4 and 5.*

(a) Includes estimates for the fourth quarter.
(b) Includes changes in employers' insurance contributions.
(c) Labour costs per unit of output and import prices weighted in the proportions 0.75 and 0.25.
(p) Provisional.

The wage round

The lull between wage rounds is now ending. Many major claims are outstanding; in many industries, notably in engineering, they involve demands for shorter 'standard' hours.

Negotiations concluded or in progress are a pointer to future settlements. The recent agreement involving shorter standard hours in electricity supply, coming after the earlier settlements in printing and chemicals, is likely to be particularly influential. The reduction of the standard week by two hours, or 4½ per cent, with no adjustment in the standard weekly wage, may well prove typical of settlements in manufacturing industry proper. In many other trades, notably in transport and services, straight wage settlements seem more likely. Last year the average wage award was 3½ per cent. Since the interval between awards has remained about fifteen months, the rate of increase was under 3 per cent a year.

Table 22. Percentage profit margins

Percentages of final sales

	1955	1956	1957	1958	1959[a]
Income of self-employed	7.2	7.0	6.8	6.9	7.0
Profits of companies and public corporations	13.9	13.4	13.3	12.6	13.3
Total	21.1	20.4	20.1	19.5	20.3
Total, after providing for stock appreciation	*20.3*	*19.8*	*19.8*	*19.6*	*20.3*

Source : *Blue Book 1959*, *Monthly Digest of Statistics* and NIESR estimates.
(a) Based on first three quarters.

The effect of shortening the standard week depends on how far it results in an increase in hourly labour productivity (over and above the increase in productivity that would have occurred in any case through improvements in equipment, technique and organisation) and how far it is accompanied by increases in employment or in overtime working. If there is a fully compensatory rise in productivity, there is no effect upon incomes or costs. If employment is increased, costs and incomes rise in proportion to the reduction in hours. If it is met wholly by extra overtime, costs and incomes rise more than in proportion to the decline in standard hours, because overtime rates exceed standard rates of pay.

In practice the change is likely to be met by a combination of all three ways. The last general reduction in standard hours occurred in 1946-47, when the standard week was reduced by about two hours. Actual working hours fell by about one hour. Were this repeated, half the effect would fall on overtime. Part is likely to be met by compensatory increases in productivity. The total effect on wage costs of a cut in hours of 4½ per cent may well be much the same as that of a wage rise of 4½ per cent. The total effect on incomes would be similar; earnings per worker would rise less, but incomes would tend to be increased by the higher employment too. The reductions in hours will also of course

reduce the potential capacity of the economy, and hence the scope for expansion.

The wage round may again take more than a year. If so, that will moderate the effect of the awards made. But against that the continuing expansion of demand may well lead to overtime (over and above that induced in compensation for shorter hours) and to some wage drift. Although the position is uncertain owing to lack of up-to-date figures for earnings, it looks as if wage drift may have re-emerged last year.[1] An increase in wage earnings per head of the order of 4 per cent or so therefore seems likely.

The rise in annual output per head (excluding any effect of reduced hours) may be less than in 1959 (see page 20). The increase last year, in the early phases of recovery, was almost 4 per cent ; but the average rate of increase over the years 1952-55—the last period of sustained expansion—was nearly 3 per cent. There may therefore be an increase in average labour costs per unit of output of 1 or 2 per cent. The upward trend in costs might be aggravated by a rise in import prices ; but only a slight rise is expected.

It is unlikely in conditions of rising demand that profit margins will be significantly narrowed. Average final prices are therefore likely to rise roughly in proportion to costs, say 1 or 2 per cent by the end of the year. The implications of a renewed gradual increase in prices are discussed at the end of this chapter.

Consumers' expenditure

Since the autumn of 1958 consumers' purchasing power has risen rapidly as a result of reduced taxes, increased incomes and increased borrowing. At first, after the decontrol of hire purchase and bank lending, increased borrowing was important : in the fourth quarter of 1958 hire purchase debt rose by £66 million more than in the previous quarter, whilst personal and professional bank advances rose by £35 million more than before (table 23). Part of such borrowing goes to finance business expenditure, but the greater part of the increase must have gone to consumers. In the same quarter, personal disposable incomes rose by nearly £60 million because of the concentration of wage settlements at the end of the year.

At the beginning of 1959 it seemed that, in the absence of further stimulus, the growth of consumers' demand would be checked because debt would cease to rise so fast. In the event, real income after tax rose by over 3½ per cent between the fourth quarter of 1958 and the fourth quarter of 1959. About a half of this increase was due to the 1959 tax reductions (including the reductions in indirect tax). The rest, as noted earlier, came mainly from the increase in employment and hours. Net borrowing, instead of falling back, remained roughly constant (table 23). During 1959, borrowing thus made a fairly constant contribution to consumers' purchasing power, whilst post-tax incomes rose sharply.

Table 23. Personal debt and personal income

£ million

		Personal disposable income[a]	Change in hire purchase debt outstanding	Change in personal and professional bank advances
1958	I	4,030	+ 3	+ 3
	II	4,059	+18	+ 4
	III	4,078	+12	+12
	IV	4,136	+78	+47
1959	I	4,177	+57	+54
	II	4,284	+92	+50
	III	4,263	+79	+56
	IV	4,290[p]	+70[b]	+38
Change to	1958 IV 1959 IV	+154	− 8	− 9

Source : *Monthly Digest of Statistics*, Appendix tables 6 and 10.
(a) Adjusted for seasonal variations.
(b) October-November at quarterly rate.
(p) Provisional.

If the whole year 1959 is compared with 1958, consumers' expenditure rose less than disposable income (table 24). Thus, despite higher borrowing, there appears to have been a rise in saving. The available information on personal saving[2] shows that there was a further large increase in holdings of National Savings in addition to the normal growth of contractual savings through life assurance and pension funds.

The rate of saving has risen in the past when income has risen suddenly. Indeed, studies of savings behaviour suggest that consumers are usually slow to adjust their spending upwards when the growth of their income accelerates. For example, in 1955 when real income rose by about 5 per cent, real consumers' expenditure rose only 3½ per cent. But unless the rise in incomes slows up very markedly, the savings ratio is unlikely to fall much.

[1] Between October 1958 and April 1959 earnings rose faster than wage rates even after allowance for changes in overtime and in the pattern of employment.

[2] The figures are given in more detail in the Appendix, page 45.

Table 24. Changes in real disposable income, spending and savings, 1949-1959[a]

	Disposable income	Consumers' expenditure			*Savings as per cent of disposable income[a]*
		Durables	Non-durables	Total	
	£ million at 1954 prices				
1949	11,216	495	10,445	10,940	*2.6*
	Percentage change from preceding year				
1950	+2.5	+ 11.7	+2.4	+2.9	*2.1*
1951	−0.9	+ 0.9	− 1.6	− 1.5	*2.6*
1952	+2.7	− 2.5	− 0.5	− 0.6	*5.7*
1953	+4.5	+27.8	+ 2.9	+ 4.1	*6.2*
1954	+3.4	+21.4	+ 3.7	+ 4.8	*4.9*
1955	+5.3	+12.1	+ 2.8	+ 3.5	*6.5*
1956	+2.9	−11.8	+ 1.9	+ 0.8	*8.3*
1957	+2.4	+ 9.1	+ 1.5	+ 2.0	*8.7*
1958	+2.0	+14.2	+ 1.4	+ 2.3	*8.5*
1959[b]	+4.0	+16.9	+ 2.2	+ 3.4	*9.1*
Per cent change, 1949 to 1959	**+32.5**	**+145.5**	**+18.0**	**+23.8**	

Source : Appendix tables 4 and 6.

(a) All figures are in real terms, except the savings column.
(b) Estimate.

Prospects for 1960

In the course of 1960 real personal incomes after tax seem likely to rise by 3 or 4 per cent as a result of the trends in incomes and prices discussed above.

There is a long-run tendency for spending on durables to rise more rapidly than income (table 24). Changes in hire purchase terms have interrupted this trend. Tighter terms made purchases fall in 1952 and 1956 ; while in 1954, and again last year, easier terms caused a spurt in purchases. In part this is a once-for-all effect, so that this year purchases will tend to fall back on to the trend. Against this, the trend itself will be higher because real incomes are rising. The net effect will probably be some continuing rise in expenditure on durables, but a smaller one than last year. Car purchases will probably increase more than those of other durables. On the other hand, expenditure on non-durables and services, which rose only moderately last year, seems likely to rise rather more rapidly, say by about 3 per cent.

Household durables

Purchases of durables other than cars increased at least 20 per cent in value between the first nine months of 1958 and the first nine months of 1959. Purchases of furniture and furnishings rose less than those of radio and electrical goods—in particular washing machines, refrigerators, vacuum cleaners and television sets. Nearly all the extra buying was on hire purchase. Since hire purchase down payments and monthly instalments were reduced, actual cash outlays on these goods scarcely changed (table 25). As a proportion of consumer's incomes, purchases rose while cash outlays fell.

Apart from easier hire purchase, two other factors favoured spending on durables last year : purchase tax was reduced at the Budget ; and, more important, real incomes were rising during the year. Together these probably account for roughly half of the 20 per cent increase in purchases, the relaxation of hire purchase accounting for the other half.[1] Part of the hire purchase effect was probably temporary and confined to 1959 : since it will not be operative in 1960 this by itself would cause purchases to fall. But, as suggested above, real incomes are likely to rise 3 to 4 per cent ; and this influence will probably be more important. A continued rise in purchases of household durables seems therefore more likely than a fall, but any rise seems virtually certain to be much smaller than last year.

[1] These estimates are based on provisional results of an econometric analysis of demand for durables in the last six years.

Table 25. Cash outlay on household durables

£ million, current prices

	Consumers' expenditure[a]	Net change in hire purchase debt	Cash outlay[b]	Disposable income	Consumers' expenditure	Cash outlay
					as per cent of disposable income	
Jan. to Sept. 1956	455	−57	512	10,856	*4.2*	*4.7*
Jan. to Sept. 1957	510	−20	530	11,391	*4.5*	*4.7*
Jan. to Sept. 1958	512	−11	523	11,979	*4.3*	*4.4*
Jan. to Sept. 1959	612	+93	519	12,525	*4.9*	*4.1*

Source : *Board of Trade Journal, Monthly Digest of Statistics*, NIESR estimates.

(a) In the consumers' expenditure figures the full value of goods bought on hire purchase is included at the time of purchase, not at the time of payment.
(b) Consumers' expenditure less increase in hire purchase debt.

The figures for retail sales indicate that in October and November demand for household durables eased. For television sets, in particular, demand for the moment seems near saturation : if this continues, it may favour sales of other types of durables.

Cars

Future demand for cars is difficult to predict, for the past figures are uncertain : consumers' expenditure on cars, new and second-hand, is difficult to separate from business purchases, and the same difficulty applies to hire purchase credit on cars. Moreover in the post-war years purchases of new cars have frequently been limited by shortages. For the same reason, the increase shown by the available official estimates of consumers' purchases, though substantial, under-estimates the full increase in demand. The increase in waiting lists shows that unsatisfied demand is appreciable.

The hire purchase relaxations have therefore probably not yet had their full effect on actual purchases of new cars. Private hire purchase debt on new and second-hand cars increased last year considerably faster than the population of privately owned cars ; average debt per car increased. This year, with rising incomes, demand is likely to increase further. As car supplies increase, there should be a substantial rise in car purchases.

Fixed investment

Fixed investment rose throughout 1959 but it appears to have accelerated since the middle of the year. It is now gathering momentum and is likely in 1960 to be 8 or 9 per cent above 1959. (It is estimated to have risen 4½ per cent between 1958 and 1959.) The price level of capital goods is virtually stable.

Private industry

The results of the Board of Trade's enquiry into investment plans in November and December suggested that firms in manufacturing industry would raise their investment by 14 per cent in 1960, whereas the earlier enquiry, made in August, pointed to a fall of 5 per cent. The main reason for the change between the two forecasts is that both the iron and steel and the motor vehicle industries now plan an increase in their investment of one half. In both industries firms appear to have been crystallising their plans during the year as the upward trend of demand became clearer. Existing plans for extensions in the steel industry, especially for sheet steel, have been brought forward and expenditure began to rise sharply in 1959.

The plans of the steel industry are unlikely to be realised in 1960. It should be possible to obtain a substantial increase in equipment for the steel industry, but not enough to permit an increase in investment of one-half ; an increase of a quarter is more likely. Allowing for this, manufacturing investment is likely to increase by about 10 per cent rather than 14 per cent ; 10 per cent would bring it back to the 1958 level.

The enquiry indicates that expenditure on plant and machinery will rise faster than expenditure on factory building. This is borne out by trends in factory building statistics and orders placed for machine tools. Factory building approvals have risen sharply since a turning point around the middle of 1958 ; but since starts were low in 1957 and 1958, the upturn in building will be gradual (table 26). Orders for machine tools have been increasing since the first quarter of 1959 and orders from the home market in September 1959 were the largest ever recorded since the present series of statistics began to be collected seven years ago.

Table 26. Factory building

Million square feet

	78 per cent of approvals[a]	Starts	Completions
1955	71	66	41
1956	56	56	49
1957	59	41	52
1958	36	41	48
1959	45	..	..

Source : *Monthly Digest of Statistics.*

(a) On average 78 per cent of approvals are taken up.

For the rest of private industry—distribution and services—the forecasts made to the Board of Trade show an increase of 20 per cent in investment, composed of an increase of one-third for building, one-fifth for plant and machinery and little further rise in expenditure on vehicles. There is practically no experience in using forecasts for industry other than manufacturing and it is stated that the forecast is based on a sample of firms whose capital expenditure may be more volatile than the average. Orders placed by private industry, other than manufacturing, for new building work in the first nine months of 1959 would suggest only a moderate rise in expenditure in 1960. Further, changes in capital expenditure in agriculture and shipping, which are not covered by the Board of Trade survey, are likely to be neligible. For this sector of the economy the increase may be rather greater than last year, when it was 8 per cent.

Public investment and housing

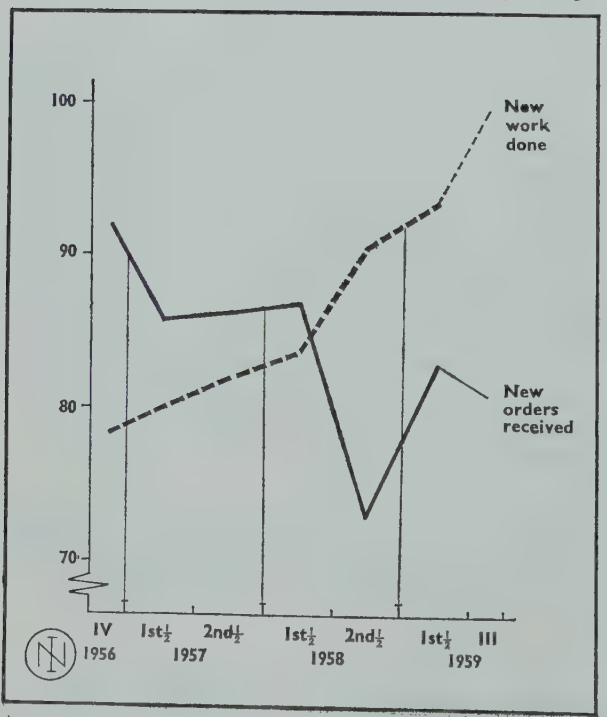
Public investment (other than housing) was planned to expand in the present financial year ; it began to

increase in the third quarter of 1959. The Government have made no statement yet on the public investment programmes for 1960-61. Analysis of trends in investment is handicapped by the fact that the Government is slower in publishing information on the future investment programmes of the public sector than it is in collecting and publishing information on private industries' investment intentions. It seems unlikely, however, that there will be a very rapid increase from now onwards. Thus the figure for the calendar year 1960 might be up to 10 per cent higher than the estimated figure for 1959. It is expenditure on roads, railways and educational buildings which has been rising fast. Expenditure on roads, however, is a relatively small proportion of the total and the railway investment programme may have reached its peak. Coal Board capital expenditure is expected to fall, Post Office expenditure is virtually stable, and the expenditure of Electricity Boards may not rise further.

The falling order books for building work for public authorities also suggests that public investment is levelling out. Although there has been a recovery in new orders, their value has fallen short of the value of work done since the first half of 1958 ; by September 1959 the order-book must have fallen by at least £75 million (chart 13).

Chart 13. Construction orders and work done for public authorities, excluding housing

£ million, 1954 prices, quarterly averages



Source ; *Appendix table 8.*

The boom in housing is growing. Both private builders and local authorities started 22 per cent more houses in 1959 than in 1958 ; the number of houses completed did not change. Unless limited by a shortage of bricks the volume of work in 1960 should be 10 per cent above 1959.

Taking all sectors into account, an increase of 8 to 9 per cent in total fixed investment (in real terms) seems likely between the calendar years 1959 and 1960, leading to equal proportionate increases in demand for both plant, machinery and vehicles and for construction.

Government expenditure

Public authorities' current expenditure on goods and services is likely to rise somewhat unless defence expenditure is reduced. Civil expenditure on education, health, the maintenance of roads and other services, tends to increase as the national income rises and the services are improved and expanded. Only in the period from 1954 to 1957, when defence expenditure was reduced, has the total fallen in post-war years.

Exports

British exports to industrial countries have recently done well and the primary producing countries in the sterling area are now beginning to raise their spending. It is suggested in the next chapter that the volume of exports may on average be about 10 per cent higher in 1960 than in 1959. In the fourth quarter, exports were already about 6 per cent above the 1959 average ; the increase implied between then and the fourth quarter of 1960 is about 7 per cent.

The general level of demand

In the light of these estimates, total demand, apart from investment in stocks, seems likely to rise slightly faster during 1960 than it did during 1959. Consumers' expenditure is expected to rise at almost the same rate during this year as last ; both exports and investment should rise faster. But investment in stocks appears to have risen to a high rate at the end of 1959 ; it should certainly level out and may decline again by the end of the year. Investment in stocks may therefore make a declining instead of an increasing claim on production.

On balance, therefore, total demand and production should rise somewhat less than last year. From the end of 1959 to the end of 1960, the real gross domestic product might rise by 3 to 4 per cent.[1]

The industrial pattern, however, will be different. The rise in demand in 1960 is likely to be slanted rather

[1] This view is set out in figures in the Appendix, page 43.

more towards exports to primary producing countries and to investment, and rather less towards consumption. Consequently export demand for plant and machinery should rise faster this year, and home demand should recover; the heavy engineering industry should feel the benefit. The building industry, with an increase in factory building starts in addition to a housing boom, should enjoy a rise in demand as large as it did last year. Possibly some industries which were particularly helped by restocking in 1959—such as chemicals and paper—may not experience such a rapid rise in demand this year; the same is true for durable consumer goods, apart from cars, particularly goods of which retailers built up stocks at the end of last year. Otherwise demand for consumer goods should grow somewhat faster than during 1959. There is not much prospect of a recovery in shipbuilding, in the aircraft industry, or in coal mining.

The balance of payments

The decline in the balance of payments surplus between 1958 and 1959 was the almost inevitable corollary of the change from recession to expansion. In 1958 the surplus had been abnormally large as the terms of trade swung in favour of industrial countries and against primary producing countries. In 1959 the recovery in the industrial countries, including Britain, tended to reverse the position. The question is how the balance will react to a continued rapid expansion of demand.

As noted above, the volume of exports in 1960 as a whole is expected to be 10 per cent higher in volume than in 1959. A further substantial increase must be expected in imports, too. Consumption of imported food, the growth of which is not much influenced by the general rate of economic expansion, rose unusually little last year, partly because of the good harvest. A larger increase must be expected this year. Oil imports are likely to go on rising rapidly as a result of the expanding car population and the continuing substitution of oil for coal. Imports of finished manufactures are relatively small but are likely to continue to rise fast. The upward trend may to some extent be reinforced by the recent liberalisation of dollar consumer goods and by the first steps towards the Free Trade Association—though they should bring compensating benefits to exports.

It is imports of industrial materials, however, that are most closely influenced by the rate of expansion.[1] Partly owing to changes in unrecorded stocks, consumption of imported materials has usually fallen more than industrial production in periods of contraction and risen more than industrial production in periods of expansion. Thus in 1955 a 5 per cent rise in industrial production was accompanied by a 10 per cent rise in consumption of imported materials, and in the first nine months of 1959 a 4 per cent rise in industrial production was accompanied by a rise in imports of industrial materials of 6 per cent. This points to unrecorded stocking of imports last year. As was shown in the previous chapter, imports of sheet steel, which became important again in 1959, may rise further in 1960, but the increase should not be very great, provided there is no speculative buying. Moreover the expansion of output is expected to be relatively small in the textile industries, which are heavy users of imports. Taking account of all these factors, consumption of imported materials should not rise faster than industrial production.

On the other hand, the rate of investment in recorded stocks of imported commodities may well increase even if total investment in stocks does not. Stocks of imports were about constant in the first three quarters of 1959 but appear to have increased in the last quarter of the year. All in all, the volume of imports seems likely to rise by about 7 per cent. A big burst of investment in stocks could always cause a larger rise.

In periods of expansion the terms of trade usually deteriorate. It is suggested in the next chapter that prices of imported commodities will not rise much further, but they are already a little higher than the average for 1959. That may be partly compensated by higher export prices, for they are likely to go on rising slightly. But on balance there seems likely to be some deterioration in the terms of trade. Any such movement would quickly offset the expected increase in the volume of exports relative to the volume of imports. It therefore seems best to expect no substantial change in the balance of visible trade.

The net balance on invisible account is not likely to change much but, if anything, it should improve. Net shipping earnings should not change greatly. Oil earnings and other property income should increase as a result of recovery in world trade in primary products. But Government military expenditure, which has recently amounted to almost £200 million a year, is likely to be increased by the reduction in Germany's contribution to the maintenance of British troops there; and higher Bank rate will raise interest payments.

This analysis suggests that Britain's current balance in 1960 may be about the same as in 1959—a surplus of about £200 million—or perhaps slightly better.

The sterling area's balance

It is unlikely that there will be much change in Britain's balance with non-sterling countries. If

[1] See 'Imports and Expansion', *National Institute Economic Review*, no. 2, March 1959.

Table 27. The balance of payments of the whole sterling area with non-sterling countries

£ million

	1955	1956	1957	1958	1958		1959
					1st half	2nd half	1st half
Surplus/deficit on current account							
United Kingdom	−287	−154	−136	−87	−5	−82	+50
Overseas sterling area[a]	+7	+59	−103	−158	−74	−84	+19
Total	**−280**	**−95**	**−239**	**−245**	**−79**	**−166**	**+69**
Net receipts on capital account							
United Kingdom[b]	−85	−21	−26	+188	+178	+10	−195
Overseas sterling area	+136	+158	+278	+341	+188	+153	+163
Total	**+51**	**+137**	**+252**	**+529**	**+366**	**+163**	**−32**
Change in gold and convertible currency holdings	*−229*	*+42*	*+13*	*+284*	*+287*	*−3*	*+37*

Source : *United Kingdom Balance of Payments, Cmnd. 861,* October 1959.

(a) Including net sales of gold in the United Kingdom.
(b) Long-term capital account and monetary movements (other than change in gold and convertible currency reserves) plus balancing item.

there is any improvement in the current balance it is likely to be in the balance with the overseas sterling area, to which exports are expected to accelerate.

The analysis in the next chapter suggests that the overseas sterling area's current balance may deteriorate as countries in the area spend more of their increased foreign earnings. Hence the current balance of the whole sterling area with the non-sterling world, which was rather favourable in 1959, may deteriorate slightly (table 27).

On capital account, the inflow of capital from non-sterling sources to the overseas sterling area might decline slightly. On the other hand, Britain will not have to make such large special payments in 1960 as in 1959. The net inflow of capital into the sterling area as a whole will probably be about sufficient to cover any likely sterling area deficit on current account and to avoid any serious loss of reserves, provided no serious disturbance is caused by an outflow of short-term funds.

The trend of policy

The increase in Bank Rate from 4 to 5 per cent has been presented as a measure to moderate the growth of home demand. Judging by previous experience, as analysed by the Radcliff Committee, it cannot in itself be expected to have much direct effect ; its indirect effects may be more important. They will be significant only if the rise in Bank Rate is taken as an indication that the Government believes expansion is too fast and intends to retard the pace, if necessary employing other measures as well. If this interpretation of the Government's intentions were generally accepted, business confidence in expansion might be reduced and the growth of private capital expenditure might be slowed down.

Our assessment does not suggest that the increase in total demand during this year will outstrip the limits of total capacity or of total manpower resources, although the margins will be narrowed. The rise in the investment plans of private industry implies a rate of real investment no greater than in 1958, and the capacity to meet this demand has been increasing. The continuing rise in consumers' expenditure is likely to be less concentrated on durable goods. The balance of payments prospect does not imply a loss of reserves, unless there are large movements of short-term funds. The spurt in production in the past year has still not compensated for the stagnation of the previous three years (chart 14). In the past decade, the rate of economic growth in Britain has lagged behind that of most of her European neighbours.

It is clear that there is no case for an expansionary budget this year. Equally, it is clear that the Government is most unlikely to introduce measures so severe as to halt the forces of expansion. There are, however, two risks to which the Government is plainly alive.

The first risk is that demand, although not exceeding the physical limits of capacity or manpower, will rise enough to stimulate increases in wages and profits, and thus in prices. The estimates made above suggest that, even if productivity increases less than last year, the increase in prices should be no more than 1 or 2 per cent during 1960. But there can be no certainty about this. It is doubtful whether moderate restraint of demand can much affect the course of prices,

especially since import prices are firm. The stability of prices recently must be attributed partly to the fall in import prices and partly to the beneficial effects of expansion on productivity and labour costs. It is to be hoped that full use will be made of direct measures to keep down prices, such as tariff reductions in the short term and, in the longer term, steps to foster competition and renewed efforts to secure an agreed policy towards wage increases. The desirability of a general restraint of demand aimed at securing price stability must in the end depend on the relative importance attached to this objective as compared with the aim of maintaining the momentum of expansion.

The second risk is that of local and specific obstacles to expansion ; a tightening labour situation in the Midlands and South, a possible continuing excess demand for cars, the need temporarily to increase sheet steel imports, and some overload on parts of the building industry. These are accompanied by a substantial amount of slack in most other industries and areas. Measures to overcome these specific obstacles can increase the scope for expansion and reduce the risk that general measures of restraint will be needed later. The action taken already to divert industrial development to the areas of unemployment, and to shift redundant resources from parts of the textile and aircraft industries, are important steps in the right direction.

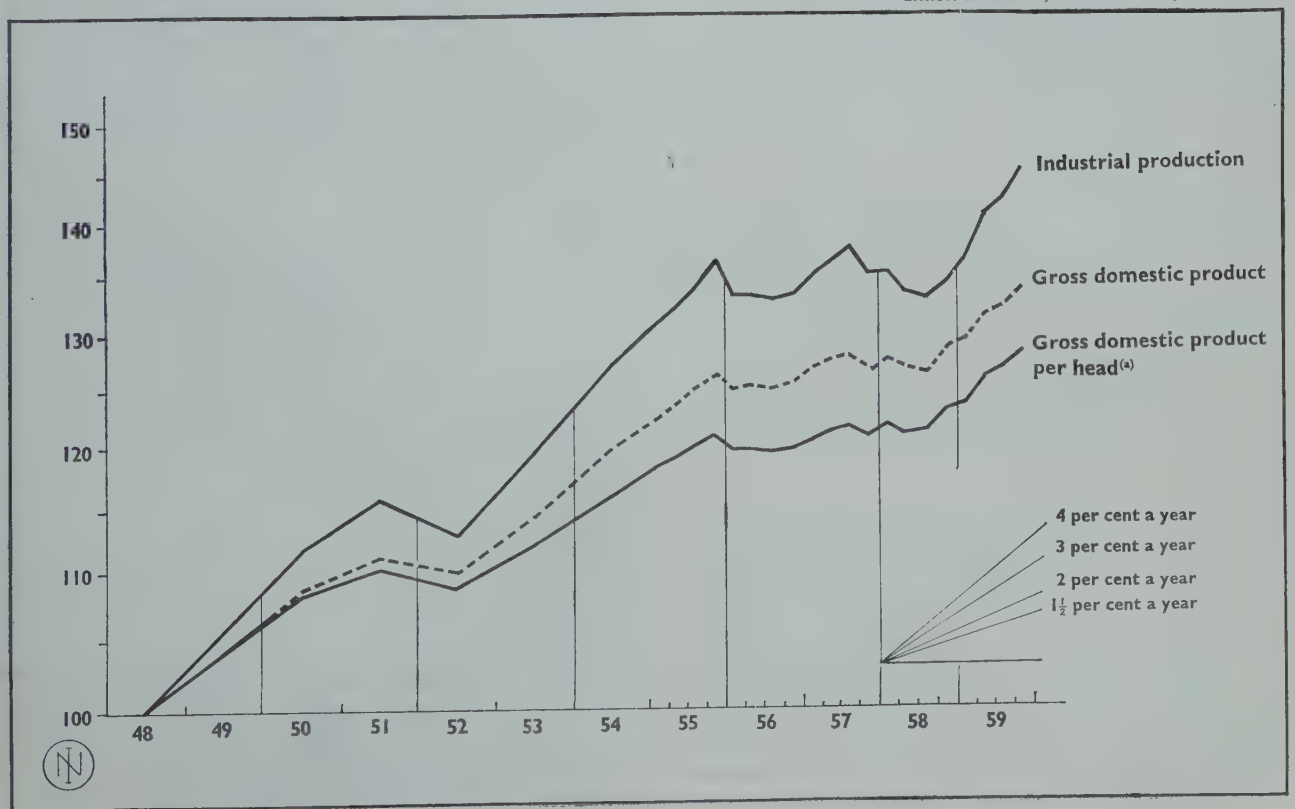
The Government may also be able to relieve shortages by helping forward expansion in industries which are failing to expand sufficiently. In the case of steel, for instance, the Government already shares responsibility for decisions about the rate of expansion and for the assumptions about demand which underlie them.

As a rule, too, measures to check specific types of demand that are clearly becoming excessive are preferable to general restraints. For instance, if demand for any types of durable consumer goods were expected to rise too fast, hire purchase restrictions might be introduced ; they need not cause undue dislocation so long as the terms are not changed in excessively large steps.

Such specific measures, aimed both at keeping down prices and at adapting resources and demand where they are out of balance, might do much at present to maintain the general rate of growth without inflation. If more general measures of restraint of demand should become necessary, there is a case for restraining consumption rather than investment. If investment in industry is held back, the result is to check the rate of growth and hence the level of consumption in future. If social investment is checked for the sake of private consumption, the result can be a most questionable allocation of resources : more cars but no more roads ; more television sets but no better education.

Chart 14. Production and productivity in the United Kingdom, 1948-1959

Index numbers, 1948 = 100, ratio scale



Source: *Appendix tables 1 & 2, Ministry of Labour Gazette.*

CHAPTER 3. THE OUTLOOK FOR WORLD TRADE

Production and trade of the industrial countries

Demand and output are increasing in all the major industrial countries (table 28 and chart 15).

Table 28. Major industrial countries : increases in industrial production in 1959

Per cent increase[a]

United Kingdom	9
United States	7
Canada	9
West Germany	9
France	8
Italy	12
Belgium	4
Netherlands	9
Sweden	3
Japan	26

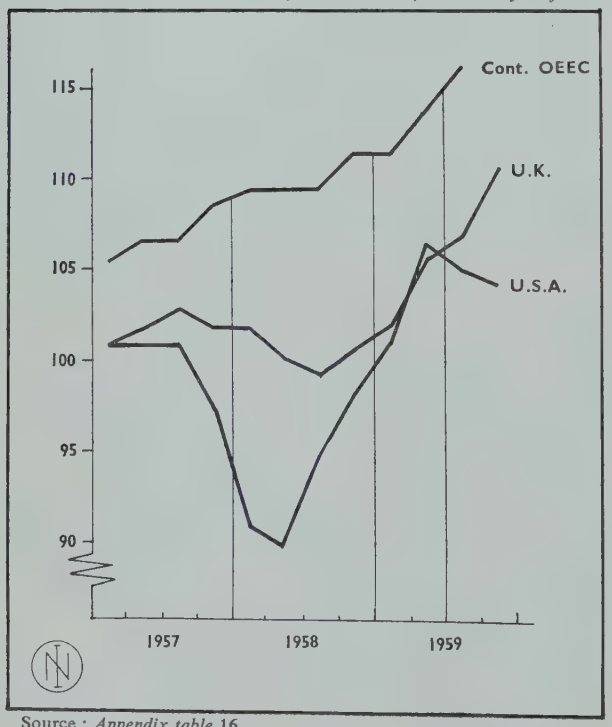
Source : *Appendix table* 16.

(a) Last three months for which figures are available, compared with corresponding period of 1958. USA : three months ending December. UK, Western Germany, France : three months ending November. Japan : three months ending July. Others : three months ending October.

Last year Britain was among the leaders of industrial expansion, for the first time since 1953 ; as in 1953, expansion in this country coincided with expansion in the rest of the world.

Chart 15. Industrial production in Europe and the U.S.A.

Index numbers, 1956 = 100, seasonally adjusted



Source : *Appendix table* 16.

Expansion in the other countries of western Europe is likely to continue. Lack of industrial capacity and labour in West Germany may put some brake on the rate of growth,[1] but this has not happened yet. Employment appears to be rising more than expected ; and overtime is widespread (partly however because of reductions in standard hours). The pressure of demand, as shown by the inflow of new orders, is still increasing. By the autumn the cost of living was 4 per cent higher than a year before, largely because of a 7 per cent rise in food prices caused by the drought—and by reluctance to remove restrictions on food imports. Widespread wage increases are expected in the next few months. The fear of inflation has led to credit restrictions and higher interest rates. But these measures alone are unlikely to be effective,[2] and the pressure of demand is likely to continue.

In France output showed a recovery last year from the previous phase when activity was restrained by policy. The rate of expansion of output has quickened, and a further rise is generally expected in 1960. Prices have so far remained stable ; but it is possible that the authorities, through fear of renewed inflation, may reimpose restraints.

In the United States output has shown a substantial rise, taking last year as a whole ; and this is generally expected to continue. Expansion was interrupted in the third quarter by the steel strike ; and output then fell. But, apart from a drawing down of stocks, final demand was well maintained ; the volume of consumption and investment both continued to grow. A resumption of stock-building is now likely to be a further expansionary factor. By the end of the year, industrial production was rising fast again.

Credit restrictions may however be intensified, mainly because of the balance of payments situation. In 1959 the outflow of gold and short-term assets from the United States was over $4 billion, compared with $3.4 billion in 1958. This was due to the large rise in imports, of about 17 per cent ; exports were little changed, and the outflow of long-term capital fell. In 1960, the outflow of gold and short-term assets may be somewhat reduced if, as some authorities forecast, exports now rise and the increase

[1] *National Institute Economic Review*, November 1959, no. 6, page 13.

[2] The joint report of the six German research institutes commented in December 1959 that ' The present situation is once more a very pungent reminder that the tools of economic policy outside the field of money and credit, i.e. above all the adjustment of fiscal policy to the state of the economy, must be more fully developed if the aims of monetary stability and steady growth are to be attained.'

Table 29. Imports of industrial countries from primary producers

$ billion, quarterly averages

	1957	1958				1959		
		I	II	III	IV	I	II	III
United Kingdom								
Imports from								
Overseas sterling area	1.00	0.93	0.90	0.91	0.95	0.97	0.96	0.94
Latin America	0.24	0.22	0.21	0.21	0.19	0.21	0.25	0.23
Other primary producers	0.13	0.14	0.14	0.14	0.15	0.16	0.15	0.13
Total, all primary producers	**1.38**	**1.30**	**1.24**	**1.26**	**1.28**	**1.35**	**1.36**	**1.31**
U.S.A.								
Imports from								
Overseas sterling area	0.30	0.32	0.30	0.27	0.32	0.35	0.38	0.37
Latin America	0.94	0.94	0.91	0.80	0.89	0.96	0.89	0.83
Other primary producers	0.34	0.35	0.35	0.33	0.31	0.39	0.33	0.36
Total, all primary producers	**1.58**	**1.61**	**1.56**	**1.39**	**1.52**	**1.70**	**1.60**	**1.57**
European Economic Community								
Imports from								
Overseas sterling area	0.71	0.67	0.70	0.65	0.64	0.65	0.71	0.65
Latin America	0.46	0.38	0.40	0.38	0.41	0.38	0.41	0.41
Other primary producers	0.88	0.92	0.86	0.78	0.84	0.75	0.84	0.76
Total, all primary producers	**2.05**	**1.98**	**1.96**	**1.81**	**1.89**	**1.78**	**1.96**	**1.82**
West Germany[a]								
Imports from								
Overseas sterling area	0.18	0.17	0.16	0.18	0.18	0.17	0.20	0.20
Latin America	0.20	0.19	0.18	0.18	0.21	0.19	0.20	0.20
Other primary producers	0.15	0.16	0.13	0.13	0.14	0.14	0.16	0.17
Total, all primary producers	**0.53**	**0.52**	**0.48**	**0.49**	**0.53**	**0.49**	**0.56**	**0.57**
France[a]								
Imports from								
Overseas sterling area	0.25	0.23	0.22	0.19	0.19	0.18	0.20	0.18
Latin America	0.07	0.05	0.05	0.06	0.05	0.04	0.05	0.06
Other primary producers	0.44	0.50	0.48	0.40	0.43	0.37	0.41	0.31
Total, all primary producers	**0.76**	**0.78**	**0.76**	**0.64**	**0.66**	**0.59**	**0.66**	**0.55**
Japan								
Imports from								
Overseas sterling area	0.26	0.19	0.19	0.18	0.17	0.17	0.21	0.24
Latin America	0.08	0.06	0.07	0.06	0.07	0.06	0.08	0.09
Other primary producers	0.19	0.17	0.17	0.11	0.14	0.16	0.19	0.16
Total, all primary producers	**0.52**	**0.41**	**0.42**	**0.36**	**0.39**	**0.38**	**0.48**	**0.49**
Total imports from all primary producers	**5.53**	**5.30**	**5.18**	**4.81**	**5.09**	**5.22**	**5.41**	**5.18**

Source : OEEC statistics, brought up to date from national statistics. The figures are derived from the import statistics of the individual countries.
(a) Included in the figures for EEC.

in imports slows up. But, barring new policy measures, the outflow from the United States seems certain to continue ; the recent rise in short-term rates of interest in Germany, Britain and other centres will tend to maintain it.

In Japan, activity has been rising very rapidly. Restrictive measures, imposed at the beginning of 1957, were removed in the autumn of 1958. Since then industrial production has risen at an annual rate of 25 per cent. Much of this recovery was based on stock-building, which can hardly be so important this year. But consumption, investment and exports are expected to continue to rise. The official government forecast is a rise in industrial output of 11 per cent in the year starting April 1960. Imports, having been reduced from the very high 1957 level, mainly by the fall in commodity prices, increased last year about in line with exports. Japan's reserves gained

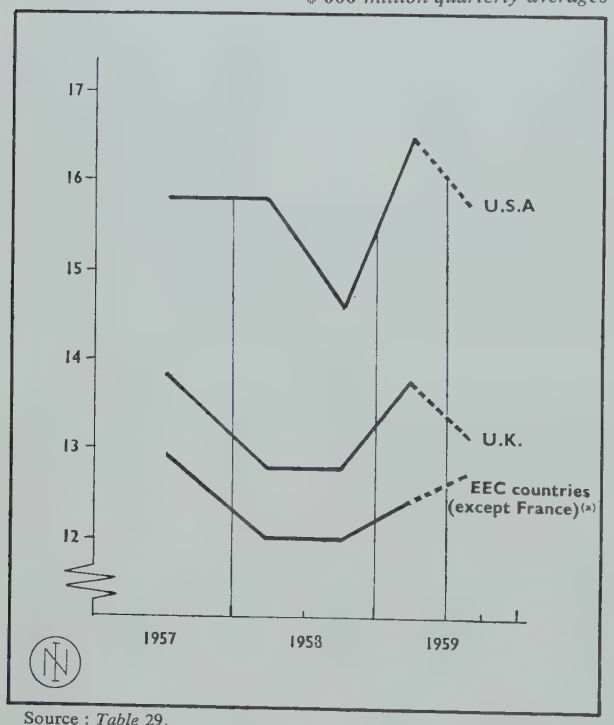
much in 1959 from the large inflow of capital.

Industrial countries' imports from primary producers

Expansion in the industrial countries has so far brought only a limited recovery in the export incomes of the primary producing areas (table 30 and chart 17). Total imports into the major industrial countries from the primary producing countries began to increase at the end of 1958 ; but in the first nine months of 1959, the total value of these imports was only 3 per cent greater than a year before and was still 5 per cent less than in 1957 (table 29). In 1958, the fall in the value of imports from the primary producers was due chiefly to the fall in commodity prices ; the import volume changed little. The recovery in 1959 was due chiefly to an increase in volume, while prices rose very little.

Chart 16. Imports from primary producers: three areas

$'000 *million quarterly averages*



Source : *Table* 29.
(a) See footnote (1), this page.

The major gain to the primary producing countries in 1959, benefiting chiefly the sterling area, has come from the increase in United States' imports; in the first nine months of 1959 these were 7 per cent higher than in the corresponding period of 1958, and 2½ per cent higher than in 1957. After allowing for price changes, the volume of United States imports from primary producers has roughly matched the changes in her gross national product over the past two years.

United Kingdom imports from the primary producers also rose by 6 per cent in the first nine months of 1959 compared with a year before, although they remained lower than in 1957. Again, the sterling area gained most. The volume of imports from primary producers into the United Kingdom has probably increased very slightly more than real national product since 1957, possibly because of increased stock-building in 1959 (page 8).

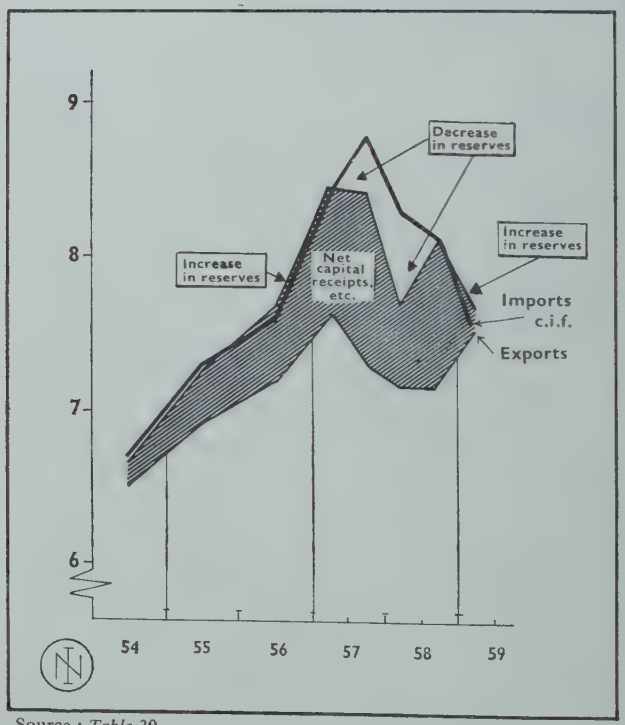
The total value of imports from primary producing areas into the six countries of the European Economic Community also increased in 1959,[1] and there must have been a rather larger rise in volume (chart 16). Western Germany was chiefly responsible for the increase, while the volume of imports into France probably changed little.

Japanese imports from the primary producers, in sympathy with internal activity in Japan, fluctuated proportionately much more than those of other industrial areas; by the third quarter of 1959 they had not quite regained the 1957 level.

The primary producing countries

Rising export incomes for most primary producing countries have so far led only to small increases in

Chart 17. Primary producing countries: trade and reserves



Source : *Table* 30.

[1] The values of French imports and therefore of total EEC imports, in 1959 compared with the period before December 1958, are understated when the franc values are converted into dollars, as in table 1. Imports from the countries of the franc zone, which devalued their currencies with the French franc, are shown as falling, in dollars ; the true effect of the devaluation on the incomes of the primary producers, although not exactly calculable, would be less.

Table 30. Primary producing countries : trade balances[a] and change in reserves

$ billion, quarterly averages

	1956	1957		1958		1959	
		1st half	2nd half	1st half	2nd half	1st half	III
Overseas sterling area (excl. oil producers)							
Exports	2.59	2.83	2.59	2.44	2.41	2.61	2.73
Imports	3.65	3.37	3.39	3.29	3.10	3.05	3.16
Trade balance	−0.46	−0.54	−0.80	−0.85	−0.69	−0.44	−0.43
Net capital receipts, invisibles, etc.	+0.4	+0.5	+0.7	+0.8	+0.8	+0.5	+0.4
Reserves[a]	−0.1	—	−0.1	−0.1	+0.1	+0.1	—
Latin America (excl. Venezuela)							
Exports	1.63	1.62	1.51	1.45	1.47	1.43	..
Imports	1.66	1.79	1.93	1.71	1.73	1.51	..
Trade balance	−0.03	−0.17	−0.42	−0.26	−0.26	−0.08	..
Net capital receipts, invisibles, etc.	—	+0.3	+0.2	+0.1	+0.3	+0.2	..
Reserves	—	+0.1	−0.2	−0.1	—	+0.1	..
Oil producers							
Exports	1.61	1.66	1.75	1.72	1.80	1.90	..
Imports	1.05	1.22	1.35	1.19	1.20	1.21	..
Trade balance	+0.56	+0.44	+0.40	+0.53	+0.60	+0.69	..
Net capital receipts, invisibles, etc.	−0.5	−0.3	−0.3	−0.6	−0.7	−0.7	..
Reserves	+0.1	+0.1	+0.1	−0.1	−0.1	—	..
Other							
Exports	1.40	1.54	1.48	1.47	1.42	1.48	..
Imports	1.97	2.10	2.20	2.03	2.04	1.83	..
Trade balance	−0.57	−0.56	−0.72	−0.56	−0.62	−0.35	..
Net capital receipts, invisibles, etc.	+0.6	+0.5	+0.5	+0.5	+0.6	+0.3	..
Reserves	—	−0.1	−0.2	−0.1	—	−0.1	..
Total							
Exports	7.23	7.65	7.33	7.08	7.10	7.42	7.65
Imports	7.73	8.48	8.87	8.22	8.07	7.60	8.12
Trade balance	−0.50	−0.83	−1.54	−1.14	−0.97	−0.18	−0.47
Net capital receipts, invisibles, etc.	+0.5	+0.9	+1.1	+0.7	+1.0	+0.3	..
Reserves	—	+0.1	−0.4	−0.4	—	+0.1	..

Source : The trade figures, taken from Appendix table 15, are derived from the trade statistics of the primary producing countries (with imports valued c.i.f.). They therefore differ slightly from the figures in table 00, which are derived from the trade statistics of the industrial countries. Figures for 1959 III are based on very incomplete data.

The item ' Net capital receipts, invisibles, etc.' is a residual obtained by comparing the trade balance with the corresponding movement in reserves (Appendix table 21). It gives a rough indication, but no more, of the trend in the net result of all capital movements and invisible items.

(a) The change in reserves here shown is derived, as in table 21 of the Statistical Appendix, from *International Financial Statistics*. The coverage is different from that of the Treasury's published series of the sterling holdings of the overseas sterling area. In particular, changes in the holdings of oil producing countries are not included here.

their imports. In the first nine months of 1959, their total exports were 7 per cent greater in value than a year before ; imports were still about 4 per cent less than a year before and 10 per cent less than in 1957 (table 30 and chart 17). The recovery in imports began in the second quarter of 1959, at least six months after the revival in exports.

The consequent improvement in their trade balance was accompanied by some reduction in the inflow on capital account. Nevertheless, primary producing countries' reserves, which had been falling from early 1957, began to increase again. This can be seen from table 30, which compares the trade balances of primary producing countries with the reported changes in their foreign exchange reserves ; the difference is a very rough guide (in the absence of up-to-date balance of payments statistics) to important changes in the net inflow of capital of all kinds, although it also represents changes in invisible items, timing differences and statistical errors. However, the recorded flow of long-term capital and grants from the main suppliers of capital to each of the primary producing areas fell off very little in 1959; table 31 gives the figures, based on statistics for the United Kingdom, the United States and the international organisations.[1]

[1] The U.K. balance of payments statistics do not separate capital transactions with non-sterling primary producers from those with other non-sterling countries. Hence only figures for the sterling countries can be given. The figures in table 31 include drawings from the IMF, which are not really ' long-term ' capital.

Table 31. Primary producing countries : net long-term capital and official grants received from the U.K., the U.S.A. and international organisations

$ million, quarterly rates

	1956	1957	1958	1959	
				1st half	III
Overseas Sterling Area					
from U.K.					
Official grants	29	32	33	35	..
Inter-government loans	7	11	21	39	..
Private long-term capital (net)[a]	126	196	140	126	..
from U.S.A.[b]					
Grants, other than military	43	38	64	63	57
Government long-term capital	15	−28	5	36	35
Private long-term capital[c]	24	4	52	28	37
from international organisations[d]					
IMF	1	50	8	−6	—
IBRD	19[f]	35	59	60	15
Total	**264**	**338**	**382**	**381**	..
Latin America					
from U.S.A.					
Military grants	15	17	18	14	..
Other grants	21	28	30	29	25
Government long-term capital	−2	36	111	77	41
Private long-term capital[c]	155	313	109	115	157
from international organisations[d]					
IMF	−2	39	15	14	−24
IBRD	20[f]	15	10	7	8
Total	**207**	**448**	**293**	**256**	..
Other Primary Producers					
from U.S.A.[e]					
Military grants	163	206	234	185	..
Other grants	224	236	216	214	192
Government long-term capital	47	36	36	52	36
Private long-term capital[c]	48	35	49	16	−18
from international organisations[d]					
IMF	17	5	−2	2	−36
IBRD	4[f]	15	13	18	9
Total	**503**	**533**	**546**	**487**	..
All Primary Producers					
from U.K. (to sterling countries only)	162	239	194	200	..
from U.S.A.					
Military grants	178	223	252	199	..
Other grants	288	302	310	306	274
Government long-term capital	60	44	152	165	112
Private long-term capital[c]	227	352	210	159	176
Total from U.S.A.	*753*	*921*	*924*	*829*	..
from international organisations[d]					
IMF	16	94	21	10	−60
IBRD	43[f]	65	82	85	32
Total from international organisations	*59*	*159*	*103*	*95*	*−28*
Total from all sources above	**974**	**1,319**	**1,221**	**1,124**	..

Source : *U.K. Balance of Payments* (Cmnd. 861), *U.S. Survey of Current Business, International Financial Statistics.*

(a) Includes security transactions through Hong-Kong and Kuwait with non-sterling area residents (large in 1956 and 1957) and some retained earnings.
(b) Excludes European sterling area countries.
(c) Excludes retained earnings.
(d) Subscriptions to IMF and IBRD are not deducted.
(e) U.S. figures include Japan throughout, and military grants also include those to sterling area countries outside Europe, for which separate figures are not available.
(f) Estimated.

In addition, there has been a considerable increase in the flow of long-term capital from other countries in Europe, especially from Germany. The net outflow of private long-term capital from Western Germany rose from almost nothing in 1952 to over $250 million in 1958; it is estimated[1] that by the end of 1958 about $200 million of German private capital had been invested in under-developed countries. The reduction in the total net capital inflow to primary producing countries suggested by the rough estimate in table 30 possibly indicates a fall in short-term borrowing, this may reflect the improvement in the external financial position of most of the countries concerned.

For the primary producing countries as a whole, the prospect is that the volume of exports and their export incomes will continue to rise with the expansion in activity in the industrial countries. There is no reason to expect more than a small increase in commodity prices. The relative stability of prices so far in the recovery seems to be due to the continued expansion of output and productive capacity during a long period of slack demand. It is improbable that the recovery of demand will absorb the stocks and unused capacity, either of foodstuffs or of industrial materials, during this year.

To the rise in export incomes of the primary producers is likely to be added a fairly steady inflow of long-term capital. Fears have been expressed that balance of payments difficulties in the United States, which supplies three-quarters of the recorded net flow of long-term capital and grants to the primary producers, will lead to a substantial reduction in American overseas investment. But the scope for improving the United States balance of payments by reducing grants or loans to primary producers is limited. First, a good deal of the money is spent on goods and services supplied by the United States itself; secondly, private investment is a high proportion of the total; thirdly, a number of commitments have already been entered into.

The increasing purchasing power over imports becoming available to the primary producers as a whole should now lead to a speeding up of the expansion of their total imports.

Of the different groups of primary producing areas, Latin America has gained least during the period of general recovery and the overseas sterling area has gained most. A closer examination follows of the prospects for these two areas.

(1) *The International Flow of Private Capital 1956-1958*, Department of Economic and Social Affairs, United Nations, New York, 1959. More detailed and up-to-date figures are available of German *direct* private investment overseas. The outflow amounted to about $100 million a year in 1958 and 1959, of which about half went to primary producing countries (mainly to South America).

Latin America

There had been no recovery in Latin American export incomes by mid-1959 (figures for the second half of the year are not available yet), although the volume of exports increased. This was mainly because of the continuing fall in coffee prices. At the same time, imports have been falling, partly because of increasingly severe restrictions. Consequently, the trade deficit was reduced to a more normal figure in the first half of 1959. As a result of the heavy inflow of capital, especially American private investment, the exchange reserves were not very heavily reduced in 1958 and rose a little in 1959.

It seems unlikely that Latin American countries will gain any large increase in export incomes in 1960. The prospect for export prices is clouded by coffee stocks equal to nearly a year's consumption and the 1959/60 exportable production is estimated to be far in excess of a year's requirements. Coffee prices seem likely to continue the decline of the last two years in spite of international agreements for stabilisation. There might, however, be some recovery in sugar prices in view of the small European beet crops. In Argentina, the critical balance of payments situation has been somewhat relieved by credits from United States and Western European banks of $150 million and by a standby credit with the I.M.F. of nearly $100 million. In Venezuela, although new credits have been arranged, heavy obligations on existing debts may force a cut in imports. In these circumstances, only a small and slow rise in total Latin American imports can be expected this year.

The overseas sterling area

In 1958, mainly because of the fall in commodity prices, the exports of the overseas sterling area were reduced by a tenth. The fall in imports was much smaller and £500 million of the current deficit of £600 million was covered by net borrowing, which was equal to more than 15 per cent of merchandise imports. Estimates of the balance of payments of the overseas sterling area are given in table 33.

In the first half of 1959, exports showed a big improvement which was maintained in the third quarter. In 1959 as a whole, they are likely to have been about as big as in 1957. Less than half of the increase since 1958 was due to the rise in prices (table 32), although the pattern of price increases has favoured the sterling area more than other primary producing groups. The rest was a gain in volume. By the end of 1959, the volume of overseas sterling area exports was probably running at a higher rate than in 1957, although export prices were still slightly lower.

Table 32. Value of exports and export prices of primary producers

Index numbers 1957 = 100

	Overseas sterling area (excl. oil producers)		Latin America (excl. Venezuela)		Other (excl. oil producers)		Oil producers	
	Value	Price[a]	Value	Price[a]	Value	Price[a]	Value	Price[b]
1957 I	109	104	108	104	104	106	91	97
II	100	103	99	103	100	101	104	99
III	94	100	96	98	96	99	105	102
IV	97	94	98	95	99	94	101	102
1958 I	94	93	93	91	99	92	103	102
II	86	93	93	89	97	92	99	102
III	86	92	90	89	89	93	103	102
IV	93	91	98	87	97	93	109	102
1959 I	93	91	91	84	89	91	112	96
II	100	97	92	86	107	94	112	92
III	101	97		87		95		92
IV		99		86		97		92

Source : Appendix table 18.

(a) Based on NIESR indices (as in Table 20 of the Statistical Appendix).
(b) Based on export prices for crude oil from Venezuela and the Middle East and weighted according to 1958 production.

Imports into the overseas sterling area remained low in the first half of 1959. But there was some recovery in the second quarter which was carried further after the middle of the year in most countries other than India and South Africa; the relaxations of import restrictions announced early in 1959, together with the recovery in incomes due to the rise in exports, began to bring about an expansion of imports during the course of the year, particularly in Australia, New Zealand and Malaya. Even so, in 1959 as a whole, overseas sterling area imports were probably rather lower than in 1958, and perhaps about 5 per cent lower in value than the peak reached in 1957.

The current deficit of the overseas sterling area in the first half of 1959 (about £75 million including gold sales in London) was exceptionally small. It was probably rather greater in the second half of the year, partly because of the normal seasonal weakening. But a current deficit of the order of £200 million for 1959 as a whole would be the most favourable outcome on current account since 1955. That year was followed by a substantially greater increase in imports than in exports.

The reserves of the overseas sterling area, as shown by the Treasury's figure of their sterling holdings, rose by over £150 million in the first nine months of 1959 (later figures are not available), compared with a fall of nearly £100 million in 1958. Thus the main result of the improvement in the current balance between 1958 and 1959 was the rebuilding of reserves. Meanwhile the inflow of long-term capital was maintained, and short-term borrowing was probably reduced.

The overseas sterling area's current balance improved in 1959, both in trade with the United Kingdom and in trade with the non-sterling world. The non-sterling balance gained from higher exports to the United States. Between 1958 and 1959 the area as a whole probably contributed £150 to £200 million to the improvement in the whole sterling area's external position on current account. We suggested a year ago[1] that the improvement to be expected in the overseas sterling area's current account was a factor offsetting the risks to the United Kingdom's current balance which seemed to be implied by internal expansion.

Table 33 shows the relative stability of the overseas sterling area's trade with the United Kingdom over the past few years. The value of the area's trade with the United Kingdom in 1959, in both directions, was probably a little lower than in 1955, while over the four years exports to non-sterling countries rose by nearly 20 per cent in value, and imports from them by nearly 30 per cent.[2] The rate of economic

[1] *National Institute Economic Review*, no. 1, January 1959.

[2] A rough adjustment has been made to the official figures (shown in table 33) for the effects of the withdrawal of Iraq from the sterling area.

Table 33. The balance of payments of the overseas sterling area

£ million

	1954[a]	1955[a]	1956	1957	1958	1958 1st half	1959 1st half
Current transactions with U.K. (*excl. gold sales*)							
Imports	1,341	1,414	1,423	1,459	1,432	729	668
Exports	1,343	1,417	1,356	1,394	1,280	641	688
Net invisibles	−269	−217	−279	−313	−284	−154	−112
Current balance	**−267**	**−214**	**−346**	**−378**	**−436**	**−242**	**−92**
Current transactions with non-sterling countries							
Imports[b]	1,381	1,624	1,808	2,085	1,989	1,018	994
Exports[b]	1,410	1,605	1,777	1,937	1,679	851	935
Net invisibles	−145	−150	−132	−181	−79	−40	−43
Current balance	**−116**	**−169**	**−163**	**−329**	**−389**	**−207**	**−102**
Gold sales in U.K. (net)	**138**	**176**	**222**	**226**	**231**	**133**	**121**
Total							
Imports[b]	2,722	3,038	3,231	3,544	3,421	1,747	1,662
Exports[b]	2,753	3,022	3,133	3,331	2,959	1,492	1,623
Gold sales in U.K. (net)	138	176	222	226	231	133	121
Net invisibles	−414	−367	−411	−494	−363	−194	−155
Current balance	**−245**	**−207**	**−287**	**−481**	**−594**	**−316**	**−73**
Capital receipts (net)[c]	371	162	253	359	505	245	199
Change in sterling holdings	+126	−45	−34	−122	−89	−71	+126

Source : *U.K. Balance of Payments 1956 to 1959*, *Cmnd.* 861, October 1959, and *U.K. Balance of Payments* 1946-47.

(a) In 1954 and 1955, statistics for Iraq included. Figures for later years have been revised to include Iraq.
(b) Excluding most oil imported from or exported to non-sterling areas through U.K. companies.
(c) Residual item, including errors and omissions. For details of identifiable long-term transactions, see table 31.

expansion was higher in other industrial countries than in Britain. That must have increased the market for sterling products in non-sterling industrial countries. Moreover the flow of non-sterling capital into the overseas sterling area has risen. There should however be a change if expansion in Britain now keeps pace with that in other industrial countries.

The prospects of the overseas sterling area in 1960

The strength of world demand for the principal sterling area commodities suggests that export incomes will continue to increase, even though prices may not rise much further. Demand for wool is very firm, including demand from Eastern Europe, China and Japan; prices so far this season have been maintained well above those of the previous season. The heavy stocks previously held in Latin America have now been liquidated, and lower production there is expected to allow an increased volume of sales from bigger sterling area clips. Rising world consumption of natural rubber has been outstripping increased production which has been supplemented by releases from official stock-piles and increasing output of synthetic rubber; present high prices of rubber may be partly due to temporary speculative influences. Tin prices, although falling a little since the summer, seem likely to be stable now that the United States steel strike is over. Copper sales by sterling area producers have gained temporarily from the shortages caused by strikes elsewhere; American demand has been rather weak but may increase with the end of the steel strike.

At the same time, internal trends and policies in the major sterling area countries, with the possible exception of India, should now allow an increase in imports. Internal activity appears to be rising particularly fast in Australia, where, for example, building output, sales of motor vehicles and capital expenditure plans of private business are all reported to have risen to record levels. Meanwhile the labour market is still fairly slack, with unused capacity in many industries, and there is a high degree of liquidity in the economy. The Bureau of Agricultural Economics predicts a 20 per cent growth in mixed farming incomes in 1959/60. This is mainly due to wool, of which the clip is estimated to be 6 per cent higher than in 1958/59 while the Bureau expects prices to average 25-30 per cent more. In addition to the probable high level of export earnings, which in the five months July-November 1959 were over

20 per cent higher than a year before, the inflow of overseas capital, especially portfolio investment, has increased. Somewhat similar conditions appear to be developing in South Africa, again stimulated by capital inflows and by exports recently running about 20 per cent above the level of the previous year. New Zealand is also earning a higher export income, due not only to wool but also to better prices for butter; this year's production of New Zealand lamb for export is expected to reach a record level. Other expansionary factors, in both Australia and New Zealand, include tax reductions and wage increases.

Against this background, the three great wool producing countries are all relaxing their controls. In Australia, imports have already risen to the highest level since 1955; the import ceiling has been increased to an annual rate of £700 million sterling f.o.b., a figure which has not been reached since 1951 and which would mean an increase of about 5 per cent over the average figure for 1959. In New Zealand the scope for increased imports may be greater in proportion, since the present level of imports is well below even the present permitted maximum. In South Africa, where there has so far been little sign of any recovery in imports, relaxations of credit restrictions should now bring about an increase.

In the Federation of Rhodesia and Nyasaland, too, there are clear signs of recovery. Unusually heavy sales of tobacco combined with the strength of copper, which accounts for about half of the Federation's exports, raised total exports in the second and third quarters of 1959 to a level 30 per cent higher than in 1958. Internal trade and imports are also rising again. But, after falling throughout 1958 and the first quarter of 1959, imports have yet to regain the levels of earlier years. Further increases thus seem likely in 1960 even if copper exports begin to fall again.

Of the other primary producers in the sterling area, Malaya is the most important in international trade. Malaya's exports were reduced in 1958 and early 1959 by falls in the price of rubber and in the volume of exports of tin. They have since recovered sharply, with a record volume of rubber exports in the first eleven months of 1959 rising to new monthly peaks in October and November. Though the recent exceptional strength of rubber may not be maintained, both tin and rubber prices should be fairly high in 1960, and the recent increases in tin export quotas will help Malaya. Imports are higher than in 1958, but are still fairly low by previous standards and are likely to continue rising.

Even in India, the reserve position has been a little easier over the past year, thanks to a steady rise between October 1958 and March 1959; though further losses occurred in the early summer, which is seasonally unfavourable, the later trend has again been upwards. Since the first quarter of 1959 total exports have been running at higher levels than in 1958 and it is hoped that favourable external conditions and internal measures designed to encourage exports will enable the upward trend to be maintained in 1960. A more important factor in reducing the current deficit (nearly £100 million lower in 1958-59 than in the previous year) has, however, been the stringent control of imports, particularly private imports of manufactures, which will no doubt continue.

India's net capital receipts were about £235 million in the year to 30th June 1959, including over £150 million of official loans. On the basis of agreements up to the middle of 1959, it is estimated that £400 million of external assistance will be available for the last two years of the Second Five Year Plan (mid-1959 to mid-1961), compared with about £520 million drawn in the first three years. It seems likely that further international aid will be provided.

In the past year or more, the very favourable external position of the overseas sterling area has helped to bring about a considerable strengthening of the capital position of the sterling area as a whole. This period must be regarded as a phase in the world recovery which may now be coming to an end. The overseas sterling area began 1960 in a strong position, but the prospect as now seen, in the light of historical precedent, suggests that the next phase is likely to be a weakening, with imports mounting faster than exports. The inflow of long-term capital, however, seems likely to be maintained at a level which should cover a much bigger deficit on current account than that of 1959; the sterling balances may indeed continue to rise for a time. In present conditions, there being no great likelihood of a very substantial acceleration of the increase in world demand for the sterling area's primary products, or of any great improvement in the overseas sterling area's terms of trade, a more substantial deficit on current account appears to be a normal and necessary accompaniment of expansion and development.

The outlook for British exports is considered in the next section. The prospects for the balance of payments and reserves are examined in chapter 2 (pages 29-30).

The prospect for British exports

Expanding world production and trade during 1960, with imports into the primary producing areas probably rising somewhat faster than their exports, and economic activity continuing to increase in the industrial areas, will bring increasing demand in most overseas markets.

During the first three quarters of 1959, the British

Table 34. Exports from industrial countries to the overseas sterling area

	U.K.	U.S.A.	Germany	France	Italy	Japan	Total[a]	U.K.	U.S.A.	Germany	France	Italy	Japan
	$ *million, quarterly averages*							*Per cent of total for countries shown*					
1957 I	**1,006**	398	167	63	55	183	1,873	**54**	21	9	3	3	10
II	**1,013**	397	195	61	62	177	1,905	**53**	21	10	3	3	10
III	**966**	360	208	47	59	199	1,840	**53**	20	10	3	3	11
IV	**1,051**	397	235	55	57	219	2,014	**52**	20	11	3	3	11
1958 I	**1,043**	382	214	60	57	162	1,918	**54**	20	11	3	3	9
II	**923**	349	214	63	57	156	1,763	**52**	20	12	4	3	9
III	**951**	315	219	42	55	156	1,738	**55**	18	13	2	3	9
IV	**992**	349	235	51	55	216	1,899	**53**	18	12	3	3	11
1959 I	**894**	369	207	42	52	141	1,706	**52**	22	12	3	3	8
II	**940**	376	217	50	43	153	1,780	**53**	21	12	3	2	9
III	**884**	386	207	50	48	206	1,781	**50**	21	12	3	3	11

Source : OEEC statistics.
(a) For countries shown.

share of world trade in manufactures was still falling slowly.[1] Germany, France and Japan, whose export prices had fallen more than Britain's, were all increasing their shares. Table 34 shows in particular that Britain has recently been losing some ground in the overseas sterling markets (although the figures here relate to total trade and part of the rise in the United States' share in 1959 is due to additional supplies of foodstuffs to India, Ceylon and Ghana).

Towards the end of 1959 British export prices began to increase again. In December they were 2 per cent above the level which they had held in the first 10 months mainly because of rising prices of engineering products. However, the analysis of expected changes in British costs and prices made in chapter 2 gives no reason for expecting that export prices will rise much more in 1960 than those of our competitors. In these conditions, we may look for a substantial increase in British exports in 1960.

In 1959 it was exports to North America and western Europe which were rising, while exports to both sterling and non-sterling primary producing countries on balance fell, at least until the end of the year (table 35). In 1960, expansion is likely to spread at least to the primary producers in the sterling area. Exports to the overseas sterling area in October-November were already 8 per cent greater than the average of 1959 and should certainly go on rising. The foregoing analysis suggests that exports will not rise much to the non-sterling primary producing countries, where there was no increase in 1959. The rise of nearly 25 per cent in the volume of exports to North America in 1959 is hardly likely to be repeated although a considerable expansion should continue.

[1] *Appendix table* 19.

Table 35. The volume of U.K. exports, by area

Index numbers, 1954 = 100, seasonally adjusted

	1957	1958	1959[b]	1958 IV	1959 I	1959 II	1959 III	1959 IV[b]	*Value in 1958 £mn.*
Western Europe	116	107	117	107	109	116	119	124	*835*
North America	143	153	188	168	167	197	189	197	*461*
Overseas sterling area	105	101	97	98	90	97	97	105	*1,429*
Other primary producers	120	114	111	110	117	109	108	110	*366*
Total all areas[a]	114	110	115	111	107	115	115	122	*3,172*

Source : *Appendix tables* 11 *and* 13.
(a) Including areas not shown separately.
(b) Estimate for December included in total, but figures for individual areas exclude December.

The rise in exports to western Europe (9 per cent between 1958 and 1959) has shown no sign of slackening and might well continue. It should not be much affected this year by the development of the preferential tariff arrangements among the Six or the Seven.

The volume of British exports in the fourth quarter of 1959 was already about 10 per cent greater than a year before, after a period of somewhat spasmodic growth. Continued expansion in volume throughout 1960 at an annual rate of 10 per cent is rather more than can be expected; it would mean a volume of exports in 1960 as a whole some 12 or 13 per cent greater than in 1959. A more likely outcome seems to be an increase of 6 or 7 per cent from the end of 1959 to the end of 1960. This would mean a rise in volume of about 10 per cent between the full years 1959 and 1960, as compared with an increase of 4 or 5 per cent from 1958 to 1959. These estimates are based on the view that in the relatively favourable circumstances which appear likely in 1960, Britain will be able to maintain both economic growth at home and her competitive position overseas.

Errata

Economic Review no. 5, *September* 1959. Page 42, table 34. Scandinavian exports of iron ore in 1955-57 : For 60 read 10.

Economic Review no. 6, *November* 1959. Page 21, table 11. In the list of west European countries, insert United Kingdom between Switzerland and Yugoslavia.

APPENDIX

I. THE POTENTIAL LABOUR FORCE IN 1960 AND 1963

The estimate of the potential labour force at the end of 1960 was obtained, basically, by applying to the 1960 population, in each five-year age-group, the 1957 proportions of persons in civil employment,[1] or registered as unemployed.

The age distribution of the population at the end of 1960 was estimated for the older age-groups by interpolating between the Registrar-General's population estimate for 1958 and his estimate for 1963 ; for the age-groups 15-19 an average was taken of the age-groups 13-17 and 12-16 at the middle of 1958, with a negligible deduction for deaths between 1958 and 1960.

The May 1957 estimates of the percentages of the population in civil employment or registered as unemployed were then applied to each 5-year age-group of the population. The following adjustments were then made. First, a separate estimate was made for Northern Ireland (for which there is no breakdown of employment by age). Secondly, an adjustment was made for the increasing proportion of those in the 15-19 age-groups who stay on at school ; it was assumed, on the basis of the 1950-58 trend, that from 1958 onwards an additional ½ per cent of those aged 15-18 would stay at school each year. Thirdly, a figure was added for the planned reduction in H.M. Forces between the spring of 1957 and the end of 1960. Finally, it was assumed that there would be some 350,000 wholly unemployed. Table 36 shows the figures obtained :—

Table 36. Potential labour force in 1960

Thousands

Estimate of persons in Great Britain available for work, applying the 1957 percentages to the 1960 population	22,090
Plus Northern Ireland	+481
Minus increased number in 15-18 age-group at school	−78
Plus reductions in H.M. Forces, 1957 to 1960..	+232
Minus wholly unemployed	−350
Total	22,375

For 1963, two estimates were made. Both allowed for the further reductions in H.M. Forces, for an increased proportion of the 15-18 age-group at school, and for 350,000 unemployed. The lower estimate again assumed that, apart from these adjustments, the proportion in each age-group available for work would be the same as in May 1957, and that in Northern Ireland the proportion of the total population available for work would also be as in 1957.

[1] *Ministry of Labour Gazette, June 1958,* and *Annual Abstract of Statistics.* The self-employed are excluded throughout from the figures of employment.

The higher estimate allowed for some increases in the proportion available for work in some age-groups ; these increases are shown in table 37.

Table 37. Proportion of population available for work (in civil employment or registered as unemployed) : May 1957, and assumed higher rate in 1963

Per cent

	May 1957	Assumed higher rate
Men		
50-64	84.7	87.0
65+	26.1	28.1
N. Ireland, all ages ..	43.9	50.0
Women		
35-49	42.4	45.7
50-59	37.7	41.8
60+	8.8	10.1
N. Ireland, all ages ..	24.7	30.0

All three estimates were then related to an estimate of the number actually employed at the end of November 1959 (22,076 thousand).

Table 38. Potential labour force, end-1960 and mid-1963

Index numbers, end-November 1959=100

End-1960	101.4
Mid-1963, lower estimate	106.2
upper estimate	109.5

II. ESTIMATES OF DEMAND IN 1960

Table 39 shows, first, estimates of the changes in demand from the second half of 1958 to the second half of 1959 and, secondly, the figures on which the forecast was based (pages 27 to 28) of the changes in demand between the end of 1959 and the end of 1960. The figures for 1960 are illustrative only, and should not be taken as having any greater claim to accuracy than the statements in the text.

III. THE INSTITUTE'S ENQUIRY INTO CAPACITY AND OUTPUT

This note adds to the account of the enquiry in the main text (pages 9 to 11), first, a description of the sample, and secondly, a fuller account of the figures obtained from both the 1958 and 1959 enquiries.

Table 39. Changes in demand

£ million, 1954 prices, quarterly averages

	1958 III & IV to 1959 III & IV		1959 IV to 1960 IV	
	£mn.	*Per cent*	*£mn.*	*Per cent*
Changes in				
Consumers' expenditure	+115	+3.5	+120	+ 3.5
Public authorities current expenditure	+ 30	+4.3	+ 30	+ 4.0
Gross fixed investment	+ 50	+6.5	+ 65	+ 8.0
Investment in stocks	+ 55		− 25	
Exports of goods and services	+ 55	+5.4	+ 75	+ 7.0
Total final demand	**+305**	**+5.2**	**+265**	**+ 4.3**
Less Imports of goods and services	+ 80	+7.6	+ 80	+ 7.0
Less Factor cost adjustment	+ 40	+7.6	+ 35	+ 6.0
Gross domestic product (from expenditure)	**+185**	**+4.4**	**+150**	**+ 3.4**
Gross domestic product (from production)		*+5.4*		
Industrial production		*+8½*		*+6 or 7*

The sample

A total of 262 firms (223 in the metal-using and 39 in the chemicals, rubber and paper industries) were invited to participate in the inquiry. They were selected from lists of companies to provide a representative sample with appropriate industrial size and regional distribution. Firms invited in 1958 were again asked to participate whether or not they accepted on the previous occasion. The sample was extended, notably by the addition of firms in the North of England and by a greater representation of the aircraft industry.

Interviews were conducted with the managements of 116 firms (92 in the metal-using, 24 in the other industries) in the main industrial regions of the country. These firms (excluding departments not covered by the interviews) employ 1,061,000 persons (781,000 in the metal-using and 235,000 in the other industries) equivalent to 22 per cent of employment in the metal-using industries (excluding shipbuilding and garages) and 27 per cent of employment in the chemicals, rubber and paper industries. This compares with a coverage of 10 per cent in the metal-using industries in 1958.

The distribution of the firms interviewed by size (as measured by employment) is shown in table 40.

Table 40. Number of firms in sample by size

Employment '000	Metal-using firms		Other firms
	1958	1959	1959
Under 1	6	18	2
1—	15	26	5
2—	10	17	7
5—	13	15	4
10—	3	6	5
20—	5	10	1
Total	52	92	24

The July 1958 and November 1959 inquiries

In July 1958, the firms interviewed in the metal-using industries (engineering, vehicles and aircraft, excluding shipbuilding and garages) said that, on average, they could : (a) increase output by nearly 10 per cent with their existing labour force but working 3 per cent longer hours, and (b) increase output 20 per cent by employing 7 per cent more labour and working 3 per cent longer hours.

Between the second quarter of 1958 and November 1959 the output of the firms interviewed in November increased on the average, eliminating as far as possible seasonal factors, by 8 per cent, accompanied by an increase in employment of 1½ per cent and an increase in working hours of over 1 per cent. (Averages for the 1959 metal-using sample are calculated by taking averages weighted by employment for the main sectors—mechanical engineering, electrical engineering, vehicles and aircraft—and combining them using Ministry of Labour employment figures as weights.) This appears to be consistent with the statements made by manufacturers in July 1958 (although the sample then was smaller) and also with national statistics on output and employment (which are not quite up-to-date).

In November 1959 the firms interviewed said that, on average, they could : (a) increase output 7½ per cent with their existing labour force, but working 4½ per cent longer hours, and (b) increase output 18 per cent by employing 8 per cent more labour and working 4½ per cent longer hours.

The firms interviewed in November also reported that since the second quarter of 1958 their total capacity has risen by nearly 7 per cent (that is, at the rate of 4½ per cent a year). The main conclusions of the Institute's two inquiries are thus consistent ; taking actual output in July 1958 as 100 :

	Actual output	*Potential output*
July 1958	100	120
November 1959	108	127

IV. PERSONAL SAVINGS AND ASSETS IN 1959

The increase in personal saving in 1959 is briefly discussed on page 25. This analysis is based on that used in table 24 of the National Income Blue Books (*National Income and Expenditure 1959*, Central Statistical Office).

Of the increase in disposable personal incomes in 1959, probably about one-quarter, or nearly £200 million, was saved. Personal saving in 1959 is estimated to have been about £1,500-1,550 million, compared with the official estimate of £1,341 million for 1958.

The object of the analysis is to trace what changes in personal holdings of different kinds of assets and liabilities were associated with the current flow of savings. The value of an increase in assets is reckoned as the expenditure on acquiring the assets. The calculations take no account of changes in total personal holdings of assets due to changes in capital values.

The net increase in the assets of the personal sector is normally rather less than the amount of saving because allowance must be made for payment of death duties and certain other items regarded as " capital " transactions. Death duty payments increased in 1959, partly because of higher security values ; on the other hand, the provision assumed to be made out of income for future tax payments must have fallen. The increase in the assets of the personal sector in 1959 must have been of the order of £1,350 million. How has this net increase in assets been reflected in the various kinds of holdings and liabilities of the personal sector ? Such rough estimates as can be made are given below (table 41).

In 1959, as in earlier years, the net increase in assets of the personal sector was slightly less than the amount going to (a) increased provision for retirement and death and (b) physical assets in the form of houses and the physical assets of unincorporated businesses.

For the last few years, about half of total personal savings has been represented by the increase in the funds of life assurance companies and superannuation schemes.(1) The amount by which these funds increase has risen year by year and although no figures are available it is reasonable to assume a further rise in 1959, to about £700 million. Private expenditure on new dwellings also increased in 1959, probably to about £360 million (much of it, of course, covered by loans from building societies). Investment in fixed assets and stocks by unincorporated businesses may also have risen slightly in 1959. In total, provision for retirement and death and expenditure on physical assets probably amounted to about £1,450 million in 1959—about £100 million more than the total increase in assets of the personal sector. This means that there was in 1959, as in earlier years, a fall of this order in the remaining net financial assets of individuals.

This net reduction, in turn, is the result of a substantial increase in certain kinds of financial assets and a substantial increase in liabilities.

The most striking increase in assets is the rise of £400 million in 1959 in the total invested in National Savings. These have been rising at a fairly constant rate since mid-1958, when higher rates of return on Savings Certificates and Defence Bonds were introduced and the maximum holding was raised. More recently net deposits in Savings Banks, which had been stable or falling for some years, have also begun to rise. The only other important channel of saving for which there are definite figures for any part of 1959 is the Building Societies, whose shares and deposits may have increased by nearly £300 million in 1959 ; although the net inflow did not increase further in the third quarter, the figure for the year as a whole was probably greater than in any year since the war. No figure exists for the total bank deposits of the personal sector. There is, however, an annual figure in the Blue Book for the change in " net personal deposits with the London Clearing Banks ", representing the change in deposits, less the change in advances, of personal depositors (excluding business accounts). In most recent years, net personal deposits have risen. Last year's rise of £200 million in " personal and professional " advances by the banks suggests however that there can hardly have been an increase in net deposits during 1959. Thus the total increase in balances held in National Savings, Building Societies and banks in 1959 may have been of the order of £700 million.

Against this, must be set the heavy increase in financial liabilities of the personal sector. Hire purchase debt held by consumers probably rose by about £250 million. Net mortgage debt to Building Societies probably rose by about the same amount ; the total of new advances in the year was about £500 million (of which over half are mortgages on existing property). With loans on policies from insurance companies and loans for house purchase from local authorities, the identifiable increase in liabilities of households in 1959 may have amounted to about £550 million.

On balance, therefore, the net financial assets of individuals (other than life assurance and pension rights), so far as they can be identified, rose by £700 million in 1959 and their identifiable financial liabilities by £550 million. But their total net financial assets, if the figures of total saving are to be trusted, probably fell so that there must have been a net reduction of the order of £250 million in the balances held in the various kinds of assets and liabilities for which no statistics exist. This is not very different from the position in the years 1956 to 1958. Part of this residual loss is no doubt accounted for by a net sale of securities from individuals to life assurance companies and superannuation funds ; the annual net purchase of securities by these funds has been greater in most years than the total of new capital issues and the amount of government securities becoming available to the market. It must therefore include some net acquisition of existing securities from individuals. Thus the unidentified net loss of assets by individuals represents in part the substitution of collective for individual holdings of securities—a process, however, which is probably smaller now than it was in the early 1950's when the unidentified residual loss of assets was much larger. On the other hand, individuals' holdings of certain kinds of assets for which there are no regular figures must have increased, for instance, holdings of currency and holdings in unit trusts (investment in unit trusts is believed to have been about £40-50 million in 1959). Finally, part of the apparent loss of assets may be due to inaccurate estimates at any point in the basic data, including the estimates of personal incomes and expenditure from which it is ultimately derived. It should be noted that the net " loss " of assets from the personal sector, to institutions or other sectors is likely to have been more than compensated by increases in capital values.

The main lesson that stands out from these figures is

(1) Defined for the national accounts as the excess of (a) contributions by individuals, employers and employees plus property income of the funds over (b) pensions and other benefits paid plus administrative expenses.

not only that personal saving increased considerably; this may be a result of the very large increase in real disposable income in 1959. It is equally significant that while some consumers have taken full advantage of easier access to credit, others—or perhaps often the same individuals—have been building up their financial assets. At the same time, the channels of individual saving chosen have been mainly the traditional ones—collective saving for retirement or death, houses and financial assets of fixed value.

Table 41. The main channels of personal saving

£ million

	1956	1957	1958	1959 (provisional)
Savings and assets				
Net personal saving	1,215	1,359	1,341	1,525
less death duties paid	−166	−176	−182	−215
Other adjustments[a]	50	19	72	40
Net increase in assets	**1,099**	**1,202**	**1,231**	**1,350**
Analysis of net increase in total assets of personal sector				
Increase in funds of life assurance, superannuation schemes, etc.	505	573	632	700
Non-financial assets				
New dwellings	283	287	308	350
Investment of unincorporated businesses	329	374	389	400
Change in net financial assets of individuals[b]	−18	−32	−98	−100
Analysis of change in net financial assets of individuals[b]				
Identifiable increases in assets				
National Savings	86	70	198	400
Building Society shares and deposits	155	171	189	300
Net personal deposits with banks[c]	87	153	38	nil
Total	**328**	**394**	**425**	**700**
Identified increases in liabilities				
Hire purchase debt[d]	−75	60	85	250
Loans from insurance companies[e] and local authorities	59	42	27	50
Advances from building societies less repayments	127	154	146	250
Total	**111**	**256**	**258**	**550**
Unidentified net decrease in other assets (or net increase in liabilities)	*235*	*170*	*265*	*250*

Source: 1956-58 figures from *National Income and Expenditure* 1959, table 24.

1959 figures are very rough estimates, based on data or estimates for the first nine months (full year for National Savings) or on extrapolation where no records for 1959 are available (increase in funds of life assurance, superannuation schemes, etc.; loans from insurance companies and local authorities).

(a) Additions to tax reserves, capital transfer receipts and stock appreciation.
(b) Including non-profit-making bodies.
(c) Deposits less outstanding advances of personal sector excluding known business accounts.
(d) Estimated debt of consumers (i.e. excluding industrial hire purchase debt).
(e) Loans on policies and personal securities only. Excludes loans on mortgage from insurance companies; loans to personal sector might be of order of £50 million in recent years (Radcliffe Report para. 248).

STATISTICAL APPENDIX

The Home Economy

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Symbols and conventions used

.. = not available.

— = nil or less than half the final digit shown.

billion = thousand millions.

Items may not always add to totals, because of rounding.

A horizontal bar across a column indicates a discontinuity in the series.

Italics are used where NIESR has added estimates to figures published elsewhere—for instance, when an estimated later figure is added.

Table 1. Gross domestic product

Seasonally adjusted

	Final expenditure at market prices						*Less* Imports of goods and services (*c*)	*Less* Adjustment to factor cost (*d*)	Statistical discrepancy	Gross domestic product at factor cost	Output				
	Consumers' expenditure (*a*)	Public authorities' current spending	Gross fixed investment (*b*)	Value of physical stock change	Exports of goods and services	Total final expenditure					Gross domestic product	Industrial production (*e*)	Agriculture, etc.	Transport, communication	Distribution, other services
	£ million, 1954 prices, quarterly averages										*Index numbers, 1954 = 100*				
1948	2,677	592	467	+ 59	656	4,451	738	449	+ 28	3,292	84	79.0	85	86	91
1949	2,735	638	508	+ 9	736	4,626	791	455	+ 46	3,426	87	83.6	91	89	92
1950	2,813	637	533	− 60	842	4,765	802	465	+ 69	3,567	91	88.3	92	91	95
1951	2,772	690	534	+141	854	4,991	898	485	+ 46	3,654	93	91.3	94	95	95
1952	2,756	764	536	+ 10	847	4,913	821	469	− 5	3,618	92	89.2	97	96	94
1953	2,869	788	593	+ 33	837	5,120	868	490	− 2	3,760	96	94.3	99	98	97
1954	3,006	785	644	+ 13	899	5,347	903	515	—	3,929	100	100.0	100	100	100
1955	3,111	766	677	+ 79	955	5,588	996	535	+ 25	4,082	104	105.1	98	103	102
1956	3,137	765	710	+ 66	1,010	5,688	1,023	536	− 24	4,105	105	105.6	104	103	102
1957	3,201	738	741	+ 75	1,027	5,782	1,048	543	− 15	4,176	106	107.4	109	103	104
1958	3,274	738	743	+ 13	991	5,759	1,053	563	+ 33	4,176	106	106.2	108	102	105
1957 I	3,172	740	730	+115	1,031	5,788	1,056	541	− 27	4,164	106	107	108	102	104
II	3,204	751	736	+ 75	1,029	5,795	1,014	534	− 63	4,184	107	108	108	104	104
III	3,208	737	747	+ 95	1,026	5,813	1,090	547	+ 20	4,196	107	108	109	103	104
IV	3,218	724	749	+ 15	1,023	5,729	1,030	548	+ 13	4,164	106	107	109	103	104
1958 I	3,257	736	750	− 20	988	5,711	1,027	555	+ 51	4,180	106	107	109	101	104
II	3,251	743	740	− 30	965	5,669	1,020	560	+ 71	4,160	106	106	109	102	104
III	3,264	740	743	+ 75	1,019	5,841	1,094	572	− 23	4,152	106	105	108	102	105
IV	3,324	734	740	+ 25	992	5,815	1,072	563	+ 31	4,211	107	106	108	103	106
1959 I	3,311	738	755	− 35	946	5,715	1,070	574	+157	4,228	108	108	108	104	106
II	3,413	768	768	+ 75	1,017	6,041	1,112	586	− 17	4,326	110	111	108	106	108
III	3,375	768	*790*	+ *90*	*1,040*	*6,063*	*1,150*	*610*	+ 70	4,373	111	113	109	106	108
IV	*3,444*				*1,080*		*1,180*			*4,440*	*113*	*117*			

See page 59, for changes to this table. (a) For details see table 6. (b) For details see table 7. (c) Not seasonally adjusted. (d) Net indirect taxes at 1954 rates (e) For details see table 2.

Table 2. Production and employment in industry

Index numbers, 1954 = 100, seasonally adjusted

	Production							Employment(*b*)							Output per person employed in industry
	Total industrial production	Building, contracting	Mining, public utilities	Total manufacturing	Metals, metal using	Textiles, leather, clothing	Other manufacturing	Total industrial production	Building, contracting	Mining, public utilities	Total manufacturing	Metals, metal using	Textiles, leather, clothing	Other manufacturing	
Weight(*a*)	1,000	120	120	760	374	114	272	11.38	1.31	1.24	8.83	4.31	1.70	2.82	
1948	79.0	86.7	82.1	77.3	75.6	87.3	75.4	91.8(*c*)	98.2(*c*)	96.3(*c*)	90.2(*c*)	90.2(*c*)	94.3(*c*)	87.8(*c*)	86
1949	83.6	90.7	85.8	82.2	80.0	94.2	80.1	93.3	98.3	97.3	92.0	90.0	98.6	91.1	90
1950	88.3	90.8	89.0	87.8	85.1	100.9	86.1	95.3	98.4	97.1	94.6	91.8	102.1	94.3	93
1951	91.3	87.3	93.0	91.6	90.3	99.9	90.3	97.3	98.9	98.0	97.0	94.5	102.9	97.4	94
1952	89.2	90.0	94.8	88.2	91.3	85.3	85.2	96.9	97.8	100.3	96.2	96.9	94.9	96.1	92
1953	94.3	96.3	96.3	93.7	93.4	98.4	92.1	97.9	98.6	100.5	97.4	97.1	99.1	96.9	96
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100
1955	105.1	100.3	101.6	106.4	109.6	99.4	105.1	102.2	102.0	99.9	102.6	104.6	97.2	102.7	103
1956	105.6	105.8	103.6	105.9	108.3	98.9	105.6	102.9	105.0	99.6	103.1	105.9	95.9	103.1	103
1957	107.4	105.5	103.8	108.3	111.4	98.8	107.9	103.0	104.3	100.5	103.1	106.0	95.2	103.4	104
1958	106.2	105.0	103.3	106.9	110.3	91.2	108.4	101.4	102.3	99.3	101.6	105.4	89.8	103.1	105
1957 I	107	108	103	107	109	100	108	102.8	105.6	100.5	102.7	105.1	95.8	103.1	104
II	108	107	104	108	111	100	108	102.9	104.3	100.5	103.0	105.6	95.9	103.2	105
III	108	103	103	110	114	99	108	103.2	104.1	100.4	103.4	106.6	95.2	103.6	105
IV	107	105	104	108	112	94	107	102.9	103.4	100.5	103.2	106.8	93.7	103.5	104
1958 I	107	105	104	108	112	94	108	102.3	102.4	100.4	102.6	106.4	92.1	103.1	105
II	106	104	103	106	110	90	109	101.7	101.6	99.4	102.0	105.9	90.4	103.1	104
III	105	105	101	106	109	90	108	101.2	102.3	98.7	101.4	105.1	88.8	103.3	104
IV	106	107	104	107	109	92	110	100.5	102.7	98.5	100.5	104.1	87.8	102.7	106
1959 I	108	110	103	108	110	92	113	100.1	101.6	98.0	100.2	103.8	87.2	102.4	108
II	111	109	103	112	115	96	116	100.6	102.7	96.9	100.8	104.5	87.7	103.1	109
II	113	114	103	115	118	100	117	101.4	102.9	95.8	102.0	105.8	88.7	104.3	111
June	111		104	113	115	98	117	101.0	102.8	96.4	101.3	104.9	88.2	103.8	110
July	112		103	114	117	100	116	101.1	102.2	96.1	101.6	105.3	88.6	103.8	111
August	113		104	114	118	99	117	101.5	103.4	95.8	102.0	105.7	88.8	104.3	111
Sept.	114		103	116	120	100	119	101.8	103.2	95·4	102.4	106.3	88.7	104.8	112
October	116		102	119	123	104	124	101.9	103.2	94.9	102.7	106.6	89.0	104.9	114
Nov.	*116–7*							102.0	102.8	94.6	102.9	107.0	88.9	105.0	*114*

(a) For employment, numbers in millions in 1954. (b) For employment in services, etc., see table 3. (c) End-June, seasonally adjusted.

Table 3. The labour market

Seasonally adjusted

	Employment					Demand for labour			Unemployment by industry						Net overtime per head in manufacturing (*b*)
	Total civil employees	Agriculture etc.	Transport, communications	Distribution	Other services	Unemployment	Unfilled vacancies	Excess demand (*a*)	Metals, metal using	Textiles, leather, clothing	Other manufacturing	Building, contracting	Mining, public utilities	Transport, other services	
	Index numbers, 1954 = 100					*Percentage of total employees*									*Weekly hours*
1948	94.4(*c*)	113.7(*c*)	103.6(*c*)	88.0(*c*)	97.3(*c*)	1.50	2.30	0.68	1.54	0.87	1.35	2.64	0.41	1.62	..
1949	95.1	109.4	103.5	90.9	96.3	1.52	1.95	0.42	1.34	0.79	1.26	2.90	0.38	1.72	..
1950	96.5	111.0	103.1	91.8	97.0	1.53	1.77	0.27	1.18	0.84	1.28	2.83	0.41	1.80	..
1951	97.5	106.4	102.2	93.1	97.0	1.19	2.01	0.69	0.83	1.13	0.99	2.05	0.33	1.46	..
1952	97.4	104.0	102.0	94.4	97.3	1.99	1.34	−0.27	1.17	6.01	1.71	2.83	0.38	1.86	1.0
1953	98.0	101.1	100.7	96.6	97.6	1.64	1.33	−0.04	1.33	1.35	1.50	2.86	0.41	1.86	1.8
1954	100.0	100.0	100.0	100.0	100.0	1.34	1.56	0.29	0.92	1.05	1.18	2.50	0.36	1.58	2.0
1955	101.3	97.8	99.3	103.0	99.8	1.08	1.91	0.73	0.63	1.34	0.98	1.76	0.27	1.27	2.1
1956	102.1	91.6	99.5	105.7	100.8	1.19	1.66	0.46	0.94	1.23	1.08	2.01	0.29	1.30	1.9
1957	102.5	91.2	99.9	108.3	101.2	1.43	1.27	0.01	1.07	1.12	1.25	2.83	0.40	1.60	1.9
1958	101.7	89.5	98.6	108.4	102.1	2.10	0.90	−0.67	1.76	3.15	1.71	4.00	0.65	2.09	1.4
1959						2.18	1.02	−0.62	1.69	2.16	1.74	4.78	0.94	2.27	
III	102.6	90.2	99.6	108.6	101.2	1.37	1.31	0.10	0.81	1.00	1.03	2.71	0.38	1.59	2.0
IV	102.5	89.4	99.7	108.7	101.3	1.40	1.27	0.03	0.93	1.17	1.14	2.82	0.41	1.57	2.0
1958 I	102.1	88.3	99.4	108.1	101.5	1.71	1.09	−0.30	1.36	2.05	1.63	3.49	0.58	1.78	1.7
II	101.8	88.2	98.9	108.2	102.0	2.07	0.86	−0.68	1.72	3.46	1.71	3.91	0.63	2.05	1.2
III	101.7	89.8	98.2	108.6	102.4	2.22	0.80	−0.77	1.77	3.62	1.61	3.94	0.66	2.22	1.2
IV	101.3	91.9	98.0	108.8	102.3	2.40	0.85	−0.92	2.19	3.47	1.90	4.65	0.75	2.30	1.5
1959 I	100.9	87.4	97.5	108.6	102.2	2.51	0.85	−1.03	2.20	3.26	2.25	5.93	0.95	2.39	1.5
II	101.2	87.2	97.0	108.7	102.5	2.22	0.89	−0.76	1.96	2.36	1.84	4.49	0.95	2.29	1.8
III	101.8	87.6	96.4	109.3	103.0	2.06	1.11	−0.41	1.35	1.58	1.48	4.33	0.92	2.30	2.0
IV						1.92	1.24	−0.28	1.26	1.44	1.39	4.35	0.95	2.12	*2.2*
October	102.2	90.6	96.4	110.0	103.2	1.98	1.19	−0.32	1.29	1.46	1.40	4.33	0.96	2.16	
Nov.	102.4	90.1	96.1	110.6	103.4	1.92	1.24	−0.28	1.27	1.43	1.40	4.42	0.98	2.11	
Dec.						1.87	1.29	−0.23	1.22	1.43	1.33	4.30	0.92	2.07	
1960 Jan.						1.83	1.32	−0.20							

(a) NIESR index based on unemployment and vacancies. (b) Not seasonally adjusted. (c) End-June, seasonally adjusted.

Table 4. Prices

Index numbers, 1954 = 100

	Capital goods				Export prices	Retail prices	Consumer goods and services								Total final prices
	All assets	Plant, vehicles, etc.	Dwellings	Other building			Total	Food	Drink, tobacco	Housing (inc. rent and rates)	Durable goods	Clothing	All other goods	Services	
1948	78	76	79	81	78	75.7	79.6	67.3	99.2	79.4	84.9	82.2	82.9	79.6	78.1
1949	79	78	80	81	81	77.8	81.2	70.7	98.1	80.9	83.6	85.6	83.6	81.3	80.2
1950	81	81	81	81	85	79.9	83.3	74.6	97.0	83.1	87.0	86.6	85.7	83.8	82.7
1951	90	87	94	91	100	87.6	91.1	83.2	98.3	88.4	99.1	100.4	95.2	90.2	92.7
1952	99	97	104	100	105	95.3	96.5	92.5	99.6	92.5	105.9	100.1	100.4	95.3	98.3
1953	100	100	101	100	101	98.3	98.2	96.2	99.8	97.3	102.2	99.2	99.3	97.9	98.7
1954	100	100	100	100	100	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1955	105	104	106	106	102	104.5	103.4	105.9	100.5	103.5	101.4	100.6	103.1	104.0	103.5
1956	111	110	112	111	106	109.7	107.9	109.8	103.9	107.8	108.5	102.5	109.3	110.0	108.8
1957	115	115	113	116	111	113.8	111.0	112.3	106.3	114.9	110.4	104.1	113.0	113.7	112.8
1958	119	120	115	119	110	117.2	114.0	114.1	108.4	128.3	110.2	104.9	114.5	119.0	115.2
1959						117.8									
III	116	117	114	117	112	114.4	111.6	113.8	106.2	114.7	110.8	104.5	112.6	114.1	113.3
IV	118	118	115	118	111	115.8	112.3	112.6	107.9	121.4	110.0	104.9	115.2	115.6	114.4
1958 I	118	119	114	118	110	116.2	113.5	112.7	108.0	124.2	111.8	105.3	115.8	118.3	114.7
II	119	120	114	119	110	117.9	114.5	115.7	109.3	127.3	110.7	105.4	114.1	118.4	115.8
III	119	120	116	121	110	116.6	113.6	112.6	108.1	130.1	109.6	104.5	113.5	119.3	114.9
IV	118	119	114	119	109	118.1	114.3	115.5	107.8	131.5	109.7	104.5	114.4	120.0	115.4
1959 I	117	119	112	117	109	118.6	115.2	115.8	108.2	134.4	110.9	104.5	114.9	119.2	116.2
II	117	119	112	117	109	117.5	114.1	115.8	105.7	133.9	108.1	104.2	113.4	119.5	115.5
III					108	117.2	114.0	113.7	105.8	135.7	107.5	104.4	114.3	120.3	
Sept.					109	116.9	*113.7*	*112.6*	*105.9*	*135.8*	*107.5*	*104.6*	*114.5*	*120.4*	
October					109	117.4	*114.2*	*113.9*	*105.9*	*135.8*	*107.4*	*104.7*	*114.8*	*120.5*	
Nov.					111	118.3	*115.0*	*114.7*	*105.9*	*136.2*	*107.3*	*104.9*	*118.0*	*121.4*	
Dec.					*111*	118.5									

Table 5. Wages, profits, and other costs

Index numbers, 1954 = 100

	Weekly wage rates	Wage rates by industry							Income from employment (a)		Profits of companies and public corporations	All property income		Import prices	Materials used in manufacturing industry
		Metals, metal-using	Textiles, leather, clothing	Other manufacturing	Mining, public utilities	Building, contracting	Agriculture forestry, fishing	Services	Total	Per unit of output		Total	Per unit of output		
1948	74.6	73.5	74.3	73.0	74.3	72.8	75.1	75.6	66.0	78.8	65.4	70.2	83.8	73	..
1949	76.7	76.0	77.6	75.5	74.9	74.7	77.8	77.3	70.4	80.7	68.4	73.2	83.9	74	..
1950	78.1	76.9	79.3	77.2	76.1	76.6	79.0	78.9	74.1	81.6	79.4	81.5	89.8	85	..
1951	84.6	83.5	86.0	84.1	83.5	83.0	84.5	84.9	82.5	88.7	93.7	90.1	96.9	113	..
1952	91.6	91.5	91.6	92.6	92.2	90.5	91.7	91.4	88.9	96.5	84.0	85.3	92.6	111	..
1953	95.8	95.8	96.0	96.6	95.6	95.4	95.9	95.6	93.7	97.9	89.9	91.3	95.4	101	..
1954	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100	100.0
1955	106.9	106.8	104.9	106.1	107.7	106.2	105.6	106.2	109.3	105.2	109.8	107.3	103.3	103	103.0
1956	115.4	115.5	112.0	114.8	118.3	114.2	113.8	114.2	119.2	114.1	113.3	111.7	106.9	105	106.7
1957	121.2	121.1	117.9	120.6	124.3	120.5	119.1	120.0	126.0	118.5	118.5	117.0	110.1	107	107.4
1958	125.4	125.4	122.3	125.6	127.4	125.5	126.4	124.6	130.8	123.0	114.1	118.9	111.9	99	100.8
1957 III	122.7	122.9	118.9	122.0	125.5	122.3	118.1	121.5	127.7	119.6	118.9	116.7	109.3	106	106.3
IV	123.3	124.0	119.8	122.9	125.6	122.3	122.8	122.5	128.0	120.8	122.7	122.5	115.6	102	101.9
1958 I	123.9	124.3	120.7	124.0	125.8	123.7	125.6	123.1	129.6	121.8	107.0	113.8	107.0	99	100.0
II	124.3	124.4	122.1	124.5	126.1	124.5	125.6	123.4	130.4	123.1	115.2	119.0	112.4	99	101.0
III	125.6	124.9	122.9	126.0	126.7	126.8	125.6	125.4	131.0	123.9	111.9	117.4	111.1	98	100.9
IV	127.7	127.9	123.5	127.8	130.9	127.0	128.6	126.6	132.3	123.4	122.1	125.4	117.0	99	101.1
1959 I	128.2	128.7	124.1	128.0	130.9	128.4	130.6	127.2	133.1	123.8	110.3	118.4	110.1	98	101.4
II	128.5	129.0	124.5	128.5	131.0	129.1	130.6	127.6	135.2	122.8	130.1	130.0	118.1	97	101.2
III	128.8	129.0	125.0	129.5	131.0	129.1	130.6	128.1	136.1	122.7	129.1	129.8	117.0	98	101.6
IV									*136.9*	*122.2*					
Sept.	128.9	129.0	125.9	129.8	131.0	129.1	130.6	128.2						98	101.9
October	129.1	129.1	125.8	129.9	131.0	129.1	130.6	128.2						99	102.3
Nov.	129.2	129.1	126.4	130.1	131.0	129.1	130.6	128.2						101	102.7
Dec.														*100*	103.1

(a) Seasonally adjusted, except for ' wage-round ' effect.

Table 6. Personal income and expenditure

£ million, quarterly averages, seasonally adjusted

	Disposable income (a)	Total personal savings	Consumers' expenditure	Consumers' expenditure											
				Total	Food	Alcoholic drinks	Tobacco	Housing (inc. rent and rates)	Fuel, light	Clothing	Durable goods: Cars, motor cycles	Durable goods: Furniture, etc.	Durable goods: Radio, electric, etc.	All other goods	Services
	at current prices			*at 1954 prices*											
1948	2,158	28	2,130	2,677	835	201	200	235	109	274	13	56	36	238	482
1949	2,277	57	2,220	2,735	866	194	194	234	108	296	16	68	40	260	459
1950	2,395	51	2,344	2,813	905	198	196	238	113	307	17	77	45	271	446
1951	2,594	67	2,527	2,772	887	204	202	239	117	276	16	74	50	262	445
1952	2,821	162	2,659	2,756	878	202	206	244	115	271	23	67	46	262	442
1953	3,001	185	2,816	2,869	911	205	209	252	117	275	40	77	57	284	442
1954	3,160	154	3,006	3,006	945	204	214	263	122	293	55	87	69	306	448
1955	3,439	223	3,216	3,111	969	215	219	257	124	315	74	90	73	327	448
1956	3,693	307	3,386	3,137	991	218	222	261	129	327	57	86	66	335	446
1957	3,891	338	3,553	3,201	1,006	223	228	263	127	332	63	92	73	347	447
1958	4,076	345	3,731	3,274	1,023	223	232	268	137	330	84	97	79	364	437
1957 I	3,792	330	3,462	3,172	1,003	222	227	263	126	331	41	91	76	340	452
II	3,858	323	3,535	3,204	1,001	224	231	263	126	330	68	94	74	345	448
III	3,923	338	3,585	3,208	1,006	221	226	264	124	335	78	90	74	350	440
IV	3,989	361	3,628	3,218	1,015	226	229	264	131	331	64	91	69	352	446
1958 I	4,030	342	3,688	3,257	1,020	226	229	267	141	328	78	93	76	363	436
II	4,060	346	3,714	3,251	1,017	220	235	267	142	322	84	94	78	358	434
III	4,078	372	3,706	3,264	1,026	219	233	268	128	328	85	92	76	368	441
IV	4,136	319	3,817	3,324	1,030	226	233	269	136	340	87	109	87	368	439
1959 I	4,177	379	3,798	3,311	1,022	219	228	269	147	337	85	102	89	382	431
II	4,284	396	3,888	3,413	1,043	236	241	269	133	343	106	113	105	387	437
III	*4,265*	*422*	3,843	3,375	1,043	237	240	271	122	341	105	107	99	372	*438*
IV	*4,290*	*361*	*3,929*	*3,444*	*1,069*	*243*	*242*	*271*	*133*	*362*	*109*	*108*	*87*	*380*	*440*

See page 59 for changes for this table. (a) Seasonally adjusted, except for ' wage-round ' effect.

Fourth quarter 1959 estimates of consumers' expenditures are based on data for October and November only.

Table 7. Fixed investment

£ million, 1954 prices, quarterly averages, seasonally adjusted

	Total	Dwellings		Industries and services										
					By type of asset			By industry group					By sector	
		Public	Private	Total	Plant, machinery	Vehicles, ships, aircraft	Buildings, works	Fuel, power	Public services	Transport, communications	Manufacturing	Other industries, services	Public	Private
1948	454	92	14	348	166	91	91	53	29	44	107	115	106	242
1949	495	87	17	391	181	97	113	65	35	50	121	120	139	252
1950	520	86	16	418	202	87	129	70	41	47	140	120	153	265
1951	521	84	16	421	218	78	125	70	45	43	148	115	174	247
1952	526	95	24	407	206	70	131	72	44	40	142	109	186	221
1953	585	114	42	429	209	82	138	81	46	44	137	121	203	226
1954	635	105	56	474	232	90	152	96	48	47	145	138	211	263
1955	667	84	60	523	250	104	169	102	49	50	161	161	216	306
1956	700	77	63	560	256	110	194	97	56	57	183	167	227	333
1957	731	72	63	596	275	116	206	100	61	67	192	176	243	353
1958	734	60	67	607	273	122	212	105	66	67	183	186	248	359
1957 I	722	77	66	579	268	104	207	95	58	63	196	167	236	343
II	727	74	65	588	274	111	203	96	61	65	196	170	236	352
III	736	68	59	609	277	127	205	96	64	70	190	189	246	363
IV	739	67	63	609	280	121	208	113	61	70	185	180	256	353
1958 I	741	65	64	612	274	125	213	107	63	67	183	192	251	361
II	731	62	64	605	275	118	212	104	63	70	186	182	246	359
III	733	56	68	609	276	122	211	104	68	64	186	187	245	364
IV	731	55	73	603	266	124	213	104	69	69	176	185	251	352
1959 I	748	62	77	609	267	121	221	108	74	64	164	199	256	353
II	758	62	79	617	271	130	216	111	71	64	168	203	254	363
III	*780*	*57*	*83*	*640*							*172*		276	*364*

Table 8. Construction orders and work done

£ million, 1954 prices, quarterly averages

	New housing	Other new work		
		Public	Private	
			Industrial	Miscellaneous
	Orders received by contractors			
1957 I	143	90	52	44
II	116	81	48	46
III	110	100	44	41
IV	100	72	43	41
1958 I	107	96	46	42
II	105	77	39	40
III	109	67	41	38
IV	131	79	33	39
1959 I	163	86	47	47
II	146	90	54	48
III	148	81	47	47
	Work done by contractors			
1957 I	126	77	60	39
II	128	83	62	39
III	118	82	59	40
IV	118	82	57	42
1958 I	110	79	58	41
II	116	87	55	43
III	113	90	57	42
IV	113	91	56	44
1959 I	118	88	59	44
II	125	99	60	45
III	130	99	60	48

Table 9. Changes in the volume of stocks

£ million, 1954 prices, quarterly averages

	Total stocks (a)	Manufacturing and Distribution							
		Total	Manufacturing				Wholesale		Retail
			Total	Materials and fuel	Work in progress	Finished goods	Industrial materials	Manufactured goods	
Value at end 1958(b)	8.1	6.0	4.1	1.7	1.5	0.9	0.3	0.7	0.8
1956	+ 66	+ 58	+ 49	+13	+24	+12	− 3	+ 6	+ 6
1957	+ 75	+ 71	+ 39	+ 5	+21	+13	+ 7	+17	+ 8
1958	+ 12	− 4	− 5	−31	+13	+13	− 5	+ 2	+ 4
1956 I	+125	..	+ 80	+ 6	+44	+30	..	..	+45
II	+105	..	+ 80	−17	+46	+51	..	..	−22
III	+ 55	..	+ 35	+58	+ 5	−28	..	..	+ 9
IV	− 20	− 44	—	+ 4	—	− 4	+13	−47	−10
1957 I	+200	+204	+105	+33	+27	+45	−15	+75	+39
II	+ 85	+ 75	+ 45	−33	+48	+30	− 7	+37	—
III	+ 80	+ 66	+ 35	+26	+32	−23	+24	+ 7	—
IV	− 65	− 64	− 30	− 6	−25	+ 1	+24	−51	− 7
1958 I	+ 65	+ 73	+ 40	−36	+28	+48	−16	+17	+32
II	− 20	− 42	− 5	−77	+26	+46	−27	+ 7	−17
III	+ 60	+ 27	− 20	+ 6	+11	−37	+21	+19	+ 7
IV	− 55	− 75	− 35	−19	−12	− 4	+ 1	−35	− 6
1959 I	+ 50	+ 19	+ 10	− 9	+ 2	+17	−23	+11	+21
II	+ 85	+ 21	+ 5	− 8	+39	−26	− 5	+ 2	+22
III		+ 44	+ 30	+29	+33	−32	+29	−12	− 3

(a) This series is seasonally adjusted in table 1. (b) £ billion.

Table 10. Finance

Quarterly averages

	Money supply : per cent of total final sales	London Clearing Banks			New capital issues				Treasury bills outstanding	Hire purchase debt			Yields	
		Liquidity ratio	Advances		Overseas	Local authorities	Manufacturing, distribution	Other		Total	Owing to finance houses	Owing to household goods shops	On 2½% Consols	On ordinary shares
			Total	Nationalised industries										
	per cent		*£mn., change in period*		*£ million*				*£ million, change in period*				*per cent*	
1948	50.1	28.8	+ 43	..	9.5	—	29.7	30.2	— 29	..	..	..	3.21	4.62
1949	47.4	32.1	+ 36	..	10.5	—	25.8	3.0	— 71	..	..	..	3.30	5.49
1950	44.8	39.0	+ 30	..	13.0	—	36.5	40.5	— 29	..	..	..	3.54	5.27
1951	39.1	37.4	+ 72	..	12.5	—	34.5	26.0	—212	..	..	..	3.78	5.78
1952	37.5	34.4	— 45	..	13.1	—	28.0	55.6	— 20	..	..	..	4.23	6.46
1953	37.1	35.1	— 10	..	14.3	4.8	27.7	61.8	+ 28	..	..	..	4.08	6.06
1954	36.5	33.7	+ 48	..	19.8	4.5	43.4	64.9	+100	..	..	..	3.75	5.40
1955	34.0	32.5	— 11	..	15.9	2.2	47.7	92.8	+ 86	..	..	..	4.17	5.43
1956	31.4	35.3	+ 15	..	13.1	13.5	53.5	11.2	—131	*— 21*	*— 8*	*—13*	4.73	6.25
1957	30.6	35.1	— 8	— 8	16.3	6.4	58.0	11.1	+181	*+ 18*	*+21*	*— 3*	4.98	6.27
1958	31.0	34.0	+ 91	—	18.5	15.2	38.3	17.9	— 83	+ 28	+19	+ 9	4.98	6.23
1958 I	31.1	35.9	+ 36	—28	18.0	27.4	64.0	10.8	—1113	+ 3	+13	—10	5.19	6.99
II	31.0	32.8	+112	+20	27.0	12.7	50.7	8.6	+282	+ 18	+23	— 5	4.99	6.49
III	31.2	33.5	— 2	— 5	7.4	15.8	21.0	39.4	+163	+ 12	+ 8	+ 4	4.90	5.96
IV	30.7	33.8	+218	+14	21.7	5.0	17.2	12.9	+335	+ 78	+32	+46	4.85	5.46
1959 I	31.6	32.7	+238	— 6	25.8	5.0	65.9	47.9	—415	+ 57	+42	+15	4.76	5.30
II	29.7	31.4	+132	— 9	5.1	16.4	39.9	56.3	+168	+ 92	+70	+22	4.84	5.00
III	30.8	32.9	+153	+ 8	3.4	—	71.0	80.7	+194	+ 76	+51	+25	4.78	4.86
IV		34.1	+146											
June		32.3	+ 87	—27					+339	+102	+78	+24	4.83	4.97
July		32.7	+252	+49					+355	+102	+75	+27	4.74	5.09
August		32.9	+108	—24					—243	+ 42	+24	+18	4.76	4.69
Sept.		33.2	+ 99	+10					+471	+ 84	+54	+30	4.85	4.81
October		34.4	+201	+ 4					+618	+ 69	+39	+30	4.93	4.23
Nov.		33.6	+108	—19					—1461	+ 72	+36	+36	4.83	4.19
Dec.		34.2	+129											

Table 11. U.K. imports and exports and changes in imported stocks

Quarterly averages

	Imports				Exports (exc. re-exports)				Balance of visible trade as recorded (*b*)	Terms of trade import/export	Stock changes of mainly imported commodities				
	Value c.i.f.		Volume		Value f.o.b.		Volume				Total	Total	Food and tobacco	Industrial materials	Fuel
	As recorded	Adjusted (*a*)	As recorded	Adjusted (*a*)	As recorded	Adjusted (*a*)	As recorded	Adjusted (*a*)							
	£mn.		*1954 = 100*		*£mn.*		*1954 = 100*		*£mn.*	*1954 = 100*	*Current prices*	*1954 prices, £mn. c.i.f.*			
1950	645	645	89	89	538	538	101	100	— 82	100	—30.3	—33.4	—14.1	—20.1	+ 0.8
1951	970	970	100	100	640	640	100	98	—292	113	+32.0	+19.7	+10.4	+ 2.0	+ 7.3
1952	864	864	92	92	641	641	94	92	—188	106	+20.8	+20.5	+ 2.1	+13.4	+ 5.0
1953	830	830	99	99	644	644	96	95	—164	100	+22.0	+16.9	+ 9.6	+ 3.8	+ 3.5
1954	838	838	100	100	662	671	100	100	—150	100	— 5.0	— 5.0	— 2.1	— 5.7	+ 2.8
1955	965	965	112	112	718	709	107	105	—216	101	+ 2.0	+ 2.0	— 4.5	+ 1.8	+ 4.7
1956	965	974	111	112	785	785	113	112	—145	99	—13.3	—12.1	— 0.6	—10.9	— 0.6
1957	1,011	1,003	115	114	823	823	116	113	—156	96	+25.2	+21.9	+ 5.9	+ 8.0	+ 8.0
1958	937	936	114	114	793	793	111	110	—110	90	— 1.3	— 1.0	— 0.3	— 1.5	+ 0.8
1959	*998*	*999*		*123*	832	832		*115*							
1958 I	928	923	114	113	813	805	113	110	— 76	90					— 6.5
II	900	911	110	111	767	793	108	109	— 99	90	—27.8	—19.7	+ 2.3	—15.5	— 5.8
III	938	945	113	114	776	776	109	108	—128	90		—31.5	—20.7	— 4.9	+ 6.1
IV	985	966	121	118	816	798	115	111	—136	90	+25.3	+14.2	— 9.3	+17.4	+ 9.2
												+33.5	+25.0	— 0.7	
1959 I	941	968	117	121	790	783	110	107	—117	90					— 0.4
II	983	965	123	121	845	831	118	115	—106	89	— 4.3	+ 4.5	+13.6	— 8.7	+23.9
III	984	999	119	122	790	834	111	115	—164	90		—15.7	—33.0	— 6.6	+11.6
IV	1,085	*1,083*		*129*	901	882		*122*				+12.1	—19.7	+20.1	
August	916	975	..	119	766	816	..	113	—122	91					
Sept.	990	1,014	..	124	739	834	..	116	—217	90					
October	1,081	1,062	..	128	918	909	..	126	—119	91					
Nov.	1,071	1,107	..	131	895	861		119	—147	91					
Dec.	1,116	1,077		127	891	876		121	—192	90					

See page 59 for changes to this table.

(a) Adjusted for dock strikes, and other statistical disturbances as well as for seasonal movements and for the different number of working days. Exports exclude lend-lease silver. (b) Exports and re-exports less imports.

Table 12. Volume of U.K. imports, by commodity

Index numbers, 1954 = 100(a)

	Food and beverages	Tobacco	Basic materials					Fuels		Semi-manufactures and manufactures mainly for industrial use				Finished manufactures	
			Total	Textile materials	Wood	Pulp	Ores and scrap	Total	Petroleum and products	Total	Iron and steel	Non-ferrous metals	Textile manufactures	Total	Machinery
Value 1958 £mn	1,406	87	899	247	141	98	138	441	434	586	47	175	85	316	166
1950	92	97	97	110	77	72	88	65	68	86	139	78	121	74	80
1951	101	113	102	96	120	87	82	86	88	111	150	91	152	76	86
1952	91	71	90	88	83	73	90	83	87	97	352	103	71	107	142
1953	102	104	101	110	101	82	95	90	94	86	198	85	65	115	118
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	107	111	106	98	114	118	112	121	107	126	363	109	107	122	124
1956	109	102	102	100	92	113	114	115	112	121	379	101	120	136	137
1957	114	103	106	101	101	112	126	114	115	122	215	110	129	152	145
1958	120	101	94	89	89	111	94	124	129	119	139	114	124	166	153
1956 III	98	111	105	81	130	126	127	121	118	112	318	97	114	123	125
IV	109	172	99	101	100	120	111	98	98	116	264	108	119	147	142
1957 I	126	64	109	132	64	105	109	102	101	119	222	102	133	156	140
II	111	61	107	104	93	117	124	117	117	118	206	104	126	158	140
III	104	136	106	79	141	112	142	125	127	122	209	112	120	142	141
IV	114	151	103	88	107	115	127	112	114	129	222	123	137	153	159
1958 I	120	51	95	98	57	102	104	114	118	125	194	114	139	160	147
II	119	68	92	92	74	110	106	116	121	113	153	107	108	159	147
III	117	133	90	64	126	113	87	128	134	118	116	124	111	169	150
IV	124	152	97	100	100	118	77	137	144	122	93	110	139	178	167
1959 I	128	42	93	110	59	114	74	134	140	120	96	115	135	166	161
II	121	78	100	109	90	115	76	154	162	131	149	121	135	205	191
III	111	105	101	85	135	114	104	144	151	134	134	121	146	209	171

(a) Unadjusted.

Table 13. Volume of U.K. exports, by commodity and area

Index numbers, 1954 = 100, seasonally adjusted

	By commodity										By area			
			Manufactures											
	Food, beverages, tobacco	Basic materials, fuels	Total	Metals and engineering				Textiles	Chemicals	Other manufactures (a)	Sterling area (b)	Other primary producers	North America	Western Europe
				Total	Metals	Metal goods (a)	Machinery	Transport equipment						
Value 1958 £mn	188	240	2,665	1,813	280	186	788	559	254	262	335	1,429	366	461	835
1950	93	78	106	102	106	101	99	105	125	79	121	94	129	105	94
1951	95	61	105	100	80	103	104	101	126	92	118	101	114	100	90
1952	91	77	96	98	84	97	106	93	94	77	100	91	111	94	89
1953	94	93	96	97	94	105	100	92	103	79	97	94	93	112	96
1954	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1955	106	100	109	110	113	114	110	106	96	116	112	106	102	115	107
1956	115	103	115	118	126	110	117	121	92	127	113	105	113	137	116
1957	124	96	117	121	139	105	120	123	92	137	113	105	120	143	116
1958	120	98	113	118	135	90	114	127	78	134	112	101	114	153	107
1957 I	114	103	117	119	148	108	117	113	95	139	113	103	112	138	123
II	129	97	118	123	145	109	121	122	94	137	111	107	118	146	117
III	124	92	118	123	131	101	121	132	92	136	113	107	122	148	114
IV	129	93	116	121	133	101	120	126	85	134	113	105	127	141	111
1958 I	113	97	114	118	126	93	116	126	87	135	113	105	116	147	107
II	121	92	107	112	128	88	109	118	76	127	107	97	112	147	102
III	128	100	116	123	140	85	117	140	77	143	110	104	119	148	112
IV	119	101	114	120	148	94	113	126	74	133	117	98	110	168	107
1959 I	102	106	110	114	135	82	110	124	74	142	110	90	117	167	109
II	119	107	118	121	130	92	118	135	81	156	115	97	109	197	116
III	130	101	118	122	162	86	119	124	79	164	110	97	108	189	119

(a) Unadjusted. (b) Including Iraq.

Table 14. Trade of industrial countries

$ billion, quarterly averages

	Total (a)			U.S.A.			Canada			U.K.			Continental O.E.E.C. (a)		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	8.29	9.15	−0.86	3.17	2.01	+1.16	0.84	0.76	+0.08	1.65	2.09	−0.44	2.57	4.12	−1.54
1949	8.66	9.03	−0.37	3.02	1.88	+1.14	0.77	0.73	+0.04	1.71	2.13	−0.42	3.03	4.06	−1.03
1950	8.43	9.38	−0.95	2.57	2.40	+0.17	0.77	0.80	−0.03	1.58	1.82	−0.24	3.31	4.12	−0.81
1951	11.32	12.77	−1.45	3.76	2.97	+0.79	1.01	1.05	−0.04	1.90	2.73	−0.84	4.31	5.52	−1.20
1952	11.99	12.43	−0.43	3.80	2.92	+0.89	1.19	1.12	+0.07	1.91	2.43	−0.52	4.77	5.45	−0.68
1953	12.16	12.42	−0.26	3.95	2.95	+1.00	1.15	1.21	−0.06	1.88	2.34	−0.46	4.86	5.32	−0.46
1954	12.61	12.78	−0.17	3.78	2.76	+1.02	1.11	1.14	−0.03	1.94	2.36	−0.42	5.37	5.92	−0.55
1955	13.85	14.52	−0.67	3.89	3.09	+0.80	1.20	1.29	−0.09	2.12	2.72	−0.60	6.14	6.80	−0.66
1956	15.78	16.32	−0.53	4.77	3.44	+1.34	1.32	1.57	−0.25	2.32	2.72	−0.40	6.75	7.78	−1.03
1957	17.22	17.65	−0.43	5.21	3.54	+1.66	1.37	1.59	−0.22	2.42	2.85	−0.43	7.51	8.60	−1.08
1958	16.40	16.36	+0.04	4.46	3.50	+0.96	1.36	1.45	−0.09	2.35	2.65	−0.30	7.51	8.01	−0.50
1956 I	14.30	15.43	−1.13	4.23	3.50	+0.73	1.12	1.37	−0.25	2.28	2.75	−0.47	6.12	7.12	−1.00
II	16.11	16.63	−0.52	4.92	3.41	+1.51	1.36	1.71	−0.35	2.39	2.77	−0.38	6.84	7.93	−1.09
III	15.42	16.00	−0.58	4.71	3.39	+1.32	1.37	1.53	−0.16	2.15	2.62	−0.47	6.57	7.64	−1.07
IV	17.28	17.15	+0.13	5.22	3.44	+1.78	1.43	1.63	−0.20	2.46	2.73	−0.27	7.45	8.45	−1.00
1957 I	17.09	17.90	−0.81	5.44	3.52	+1.92	1.23	1.53	−0.30	2.45	2.96	−0.51	7.32	8.82	−1.50
II	17.37	18.19	−0.82	5.47	3.49	+1.98	1.35	1.75	−0.40	2.47	2.91	−0.46	7.41	8.76	−1.36
III	16.77	17.22	−0.45	4.91	3.50	+1.41	1.47	1.58	−0.11	2.31	2.79	−0.48	7.31	8.28	−0.97
IV	17.61	17.27	+0.34	5.00	3.67	+1.33	1.42	1.48	−0.06	2.45	2.75	−0.30	7.98	8.50	−0.52
1958 I	15.94	16.26	−0.32	4.40	3.44	+0.96	1.18	1.31	−0.13	2.41	2.61	−0.20	7.24	8.10	−0.86
II	16.20	16.28	−0.08	4.57	3.43	+1.14	1.44	1.55	−0.09	2.27	2.55	−0.28	7.24	7.97	−0.73
III	15.82	15.76	+0.06	4.17	3.33	+0.84	1.36	1.39	−0.03	2.30	2.65	−0.35	7.30	7.66	−0.36
IV	17.63	17.12	+0.51	4.71	3.79	+0.92	1.45	1.54	−0.09	2.42	2.77	−0.35	8.25	8.30	−0.05
1959 I	15.60	16.33	−0.73	4.14	3.87	+0.27	1.14	1.38	−0.24	2.31	2.64	−0.33	7.28	7.67	−0.39
II	17.27	18.15	−0.88	4.45	4.18	+0.27	1.49	1.77	−0.28	2.45	2.77	−0.32	8.07	8.48	−0.41
III	17.10	17.66	−0.56	4.35	*4.15*	*+0.20*	*1.43*	1.60	−0.17	2.30	2.77	−0.47	8.14	8.24	−0.10

(a) Excludes W. Germany in 1948 and 1949 and Spain throughout.

Table 14 (contd.). Trade of industrial countries

$ billion, quarterly averages

	Western Germany			France			Italy			Netherlands			Japan		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	..	..	..	0.50	0.86	−0.36	0.27	0.38	−0.12	0.26	0.47	−0.21	0.06	0.17	−0.11
1949	..	..	..	0.68	0.82	−0.14	0.28	0.39	−0.11	0.34	0.46	−0.13	0.13	0.23	−0.10
1950	0.49	0.67	+0.18	0.76	0.76	—	0.30	0.37	−0.07	0.35	0.51	−0.16	0.20	0.24	−0.04
1951	0.87	0.87	−0.01	1.02	1.11	−0.09	0.41	0.54	−0.13	0.49	0.64	−0.15	0.34	0.50	−0.16
1952	1.00	0.95	+0.05	0.96	1.08	−0.12	0.35	0.58	−0.24	0.53	0.56	−0.03	0.32	0.51	−0.19
1953	1.10	0.94	+0.15	0.95	0.99	−0.04	0.38	0.60	−0.23	0.54	0.59	−0.06	0.32	0.60	−0.28
1954	1.31	1.14	+0.17	1.05	1.06	−0.01	0.41	0.61	−0.20	0.60	0.71	−0.11	0.41	0.60	−0.19
1955	1.53	1.45	+0.09	1.23	1.18	+0.04	0.46	0.68	−0.21	0.67	0.80	−0.13	0.50	0.62	−0.11
1956	1.84	1.65	+0.19	1.13	1.39	−0.25	0.54	0.79	−0.26	0.72	0.93	−0.21	0.62	0.81	−0.18
1957	2.14	1.87	+0.27	1.28	1.54	−0.26	0.63	0.91	−0.27	0.77	1.03	−0.25	0.71	1.07	−0.36
1958	2.20	1.84	+0.36	1.28	1.40	−0.12	0.63	0.79	−0.16	0.81	0.91	−0.10	0.72	0.76	−0.04
1956 I	1.56	1.45	+0.11	1.07	1.26	−0.19	0.50	0.76	−0.26	0.67	0.85	−0.18	0.55	0.69	−0.14
II	1.89	1.65	+0.24	1.17	1.47	−0.30	0.50	0.80	−0.30	0.74	0.93	−0.19	0.60	0.81	−0.21
III	1.82	1.69	+0.13	1.06	1.33	−0.27	0.55	0.76	−0.21	0.70	0.94	−0.24	0.62	0.82	−0.20
IV	2.08	1.83	+0.25	1.23	1.48	−0.25	0.60	0.83	−0.23	0.76	0.99	−0.23	0.72	0.90	−0.18
1957 I	2.00	1.81	+0.19	1.33	1.69	−0.36	0.59	0.92	−0.33	0.76	1.08	−0.32	0.65	1.06	−0.41
II	2.11	1.81	+0.30	1.29	1.68	−0.39	0.63	0.94	−0.31	0.72	1.04	−0.33	0.67	1.28	−0.61
III	2.15	1.87	+0.27	1.16	1.43	−0.27	0.65	0.85	−0.20	0.78	1.01	−0.23	0.77	1.07	−0.30
IV	2.31	2.00	+0.32	1.32	1.36	−0.04	0.67	0.92	−0.25	0.84	0.97	−0.14	0.76	0.87	−0.11
1958 I	2.06	1.82	+0.23	1.27	1.51	−0.24	0.61	0.82	−0.21	0.77	0.87	−0.10	0.71	0.80	−0.09
II	2.13	1.72	+0.41	1.22	1.52	−0.30	0.63	0.81	−0.18	0.76	0.90	−0.14	0.68	0.78	−0.09
III	2.23	1.83	+0.40	1.15	1.26	−0.11	0.64	0.76	−0.12	0.81	0.88	−0.07	0.69	0.73	−0.04
IV	2.39	1.99	+0.40	1.47	1.32	+0.15	0.65	0.78	−0.13	0.88	0.97	−0.09	0.80	0.72	+0.08
1959 I	2.12	1.80	+0.32	1.18	1.20	−0.02	0.63	0.76	−0.13	0.81	0.90	−0.09	0.73	0.79	−0.06
II	2.40	2.04	+0.36	1.42	1.31	+0.11	0.65	0.84	−0.19	0.88	0.99	−0.11	0.81	0.95	−0.14
III	2.46	2.12	+0.34	1.34	1.14	+0.20	0.77	0.82	−0.05	0.89	0.98	−0.09	0.88	0.90	−0.02

Table 15. Trade of primary producing countries

$ billion, quarterly averages

	Total			Overseas sterling area (excluding oil producers)			Australia			New Zealand			India		
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	4.92	5.56	−0.64	1.98	2.33	−0.35	0.41	0.35	+0.06	0.12	0.11	+0.01	0.34	0.43	−0.09
1949	4.70	5.52	−0.82	1.91	2.45	−0.54	0.40	0.40	—	0.14	0.11	+0.03	0.33	0.51	−0.18
1950	5.47	5.16	+0.31	2.10	2.09	+0.01	0.42	0.41	+0.01	0.13	0.11	+0.01	0.29	0.29	—
1951	6.91	7.19	−0.28	2.81	3.02	−0.21	0.51	0.61	−0.10	0.17	0.15	+0.02	0.40	0.45	−0.05
1952	6.11	7.16	−1.06	2.38	2.85	−0.47	0.42	0.49	−0.07	0.17	0.19	−0.03	0.32	0.42	−0.10
1953	6.25	6.34	−0.09	2.31	2.41	−0.10	0.49	0.37	+0.13	0.16	0.13	+0.03	0.28	0.30	−0.02
1954	6.47	6.71	−0.24	2.31	2.56	−0.24	0.41	0.47	−0.05	0.17	0.17	—	0.30	0.32	−0.03
1955	6.86	7.27	−0.41	2.47	2.88	−0.41	0.44	0.54	−0.10	0.18	0.20	−0.02	0.32	0.35	−0.03
1956	7.23	7.73	−0.50	2.59	3.05	−0.46	0.47	0.49	−0.02	0.19	0.19	+0.01	0.32	0.42	−0.10
1957	7.49	8.67	−1.18	2.71	3.38	−0.67	0.55	0.48	+0.07	0.19	0.21	−0.01	0.35	0.51	−0.16
1958	7.09	8.15	−1.06	2.42	3.20	−0.77	0.41	0.51	−0.10	0.17	0.20	−0.03	0.30	0.41	−0.11
1956 I	7.26	7.56	−0.30	2.58	3.05	−0.47	0.34	0.51	−0.17	0.23	0.18	+0.05	0.34	0.42	−0.08
II	7.33	7.79	−0.46	2.60	3.05	−0.45	0.54	0.51	+0.03	0.20	0.18	+0.02	0.27	0.40	−0.13
III	6.98	7.66	−0.68	2.43	3.02	−0.59	0.41	0.48	−0.07	0.18	0.20	−0.02	0.30	0.44	−0.14
IV	7.36	7.91	−0.55	2.75	3.09	−0.34	0.59	0.43	+0.17	0.16	0.18	−0.02	0.35	0.44	−0.09
1957 I	7.75	8.21	−0.46	2.95	3.32	−0.37	0.62	0.44	+0.18	0.22	0.18	+0.04	0.34	0.48	−0.14
II	7.55	8.75	−1.20	2.72	3.42	−0.70	0.57	0.48	+0.09	0.20	0.20	—	0.31	0.55	−0.24
III	7.29	8.72	−1.43	2.55	3.41	−0.86	0.46	0.49	−0.03	0.19	0.23	−0.04	0.37	0.52	−0.15
IV	7.38	9.01	−1.64	2.64	3.38	−0.74	0.55	0.50	+0.05	0.15	0.22	−0.07	0.35	0.46	−0.11
1958 I	7.24	8.40	−1.16	2.55	3.45	−0.90	0.42	0.52	−0.10	0.22	0.20	+0.02	0.30	0.43	−0.13
II	6.91	8.04	−1.13	2.32	3.12	−0.80	0.39	0.51	−0.12	0.19	0.21	−0.01	0.24	0.39	−0.15
III	6.83	7.81	−0.98	2.32	3.01	−0.68	0.37	0.52	−0.15	0.15	0.19	−0.04	0.34	0.38	−0.04
IV	7.37	8.33	−0.96	2.51	3.20	−0.69	0.48	0.51	−0.03	0.14	0.20	−0.06	0.33	0.44	−0.11
1959 I	7.19	7.26	+0.07	2.52	2.93	−0.41	0.46	0.50	−0.04	0.22	0.14	+0.08	0.28	0.40	−0.12
II	7.65	7.94	−0.29	2.70	3.18	−0.48	0.49	0.53	−0.04	0.22	0.15	+0.07	0.26	0.47	−0.21
III	*7.65*	*8.12*	−0.47	*2.73*	*3.16*	−0.43	0.45	0.54	−0.09				0.35	0.38	−0.03

Table 15 (contd.). Trade of primary producing countries

$ billion, quarterly averages

	South Africa			Latin America excluding Venezuela			Oil producing countries						Others (excluding oil producers)		
							Sterling(a)			Non-Sterling					
	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance	Exports	Imports	Balance
1948	0.15	0.40	−0.25	1.38	1.35	+0.03	0.12	0.15	−0.03	0.57	0.46	+0.11	0.87	1.27	−0.40
1949	0.15	0.33	−0.18	1.14	1.15	−0.01	0.17	0.14	+0.03	0.61	0.44	+0.17	0.88	1.35	−0.47
1950	0.17	0.25	−0.08	1.41	1.24	+0.17	0.22	0.16	+0.06	0.71	0.44	+0.27	1.03	1.23	−0.20
1951	0.22	0.38	−0.15	1.61	1.77	−0.16	0.31	0.19	+0.12	0.81	0.51	+0.30	1.37	1.70	−0.33
1952	0.22	0.34	−0.12	1.40	1.71	−0.31	0.37	0.22	+0.15	0.73	0.55	+0.18	1.23	1.83	−0.60
1953	0.23	0.35	−0.12	1.54	1.42	+0.12	0.42	0.25	+0.17	0.74	0.54	+0.20	1.24	1.72	−0.48
1954	0.26	0.36	−0.10	1.55	1.59	−0.04	0.47	0.25	+0.22	0.86	0.60	+0.26	1.27	1.71	−0.44
1955	0.26	0.37	−0.11	1.52	1.61	−0.09	0.53	0.29	+0.24	0.96	0.66	+0.30	1.38	1.83	−0.45
1956	0.30	0.38	−0.09	1.63	1.66	−0.03	0.53	0.31	+0.22	1.08	0.74	+0.34	1.40	1.97	−0.57
1957	0.32	0.42	−0.10	1.56	1.86	−0.30	0.52	0.34	+0.18	1.18	0.94	+0.24	1.51	2.15	−0.64
1958	0.28	0.43	−0.15	1.46	1.72	−0.26	0.61	0.31	+0.30	1.14	0.88	+0.24	1.45	2.04	−0.59
1956 I	0.27	0.40	−0.13	1.66	1.61	+0.05	0.55	0.31	+0.24	1.06	0.73	+0.33	1.40	1.86	−0.46
II	0.28	0.39	−0.11	1.65	1.63	+0.02	0.57	0.31	+0.26	1.07	0.72	+0.35	1.44	2.08	−0.64
III	0.29	0.37	−0.08	1.58	1.65	−0.07	0.57	0.31	+0.26	1.08	0.74	+0.34	1.31	1.94	−0.63
IV	0.30	0.36	−0.06	1.62	1.76	−0.14	0.44	0.31	+0.13	1.09	0.76	+0.33	1.45	1.99	−0.54
1957 I	0.33	0.41	−0.07	1.68	1.71	−0.03	0.42	0.30	+0.12	1.13	0.87	+0.26	1.57	2.02	−0.45
II	0.32	0.42	−0.10	1.55	1.86	−0.31	0.52	0.37	+0.15	1.25	0.92	+0.33	1.51	2.18	−0.67
III	0.30	0.43	−0.13	1.50	1.92	−0.42	0.58	0.37	+0.21	1.21	0.93	+0.28	1.45	2.09	−0.64
IV	0.34	0.43	−0.09	1.53	1.94	−0.41	0.57	0.35	+0.22	1.14	1.03	+0.11	1.50	2.31	−0.81
1958 I	0.30	0.48	−0.18	1.45	1.66	−0.21	0.62	0.30	+0.32	1.13	0.91	+0.22	1.49	2.08	−0.59
II	0.29	0.45	−0.16	1.45	1.75	−0.30	0.60	0.33	+0.27	1.09	0.85	+0.24	1.46	1.99	−0.53
III	0.26	0.40	−0.15	1.41	1.74	−0.33	0.61	0.31	+0.30	1.14	0.85	+0.29	1.34	1.90	−0.66
IV	0.28	0.38	−0.10	1.53	1.72	−0.19	0.63	0.32	+0.31	1.23	0.93	+0.30	1.47	2.17	−0.70
1959 I	0.28	0.36	−0.08	*1.42*	*1.39*	*+0.03*	*0.63*	*0.32*	*+0.31*	*1.27*	*0.89*	*+0.38*	*1.35*	*1.73*	*−0.38*
II	0.30	0.39	−0.09	*1.43*	*1.62*	*−0.19*	*0.63*	*0.33*	*+0.30*	*1.27*	*0.89*	*+0.38*	*1.62*	*1.92*	*−0.30*
III	0.31	0.38	−0.07												

(a) Including Iraq.

Table 16. World industrial production

Index numbers, 1953 = 100, seasonally adjusted

	World (a) (b)	U.S.A.	Canada	U.K.	Continental O.E.E.C. (c)	Western Germany	France	Italy	Belgium	Sweden	Netherlands	Austria	Latin America (a)	Japan (a)	U.S.S.R.
1950	83	84	83	94	82	72	89	78	93	95	88	86	91	*55*	69
1951	92	90	90	98	92	85	99	89	106	100	91	97	96	74	80
1952	94	93	94	94	94	91	98	91	101	98	91	98	98	82	89
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	100	93	100	108	109	112	109	109	106	104	110	114	107	108	113
1955	111	104	110	114	121	129	117	119	116	111	118	133	118	117	127
1956	116	107	120	114	130	139	128	128	123	115	123	138	126	144	141
1957	120	107	120	116	138	147	139	138	123	119	126	146	134	167	155
1958	117	100	117	114	142	152	153	143	115	119	126	150	136	169	170
1957 I	120	108	123	115	137	145	141	136	125	118	129	142	127	163	
II	121	108	121	116	139	147	142	138	126	120	127	148	134	172	
III	117	108	120	117	139	146	146	139	118	121	125	146	138	168	
IV	120	104	116	116	141	149	150	138	122	120	123	150	135	165	
1958 I	115	97	117	116	142	151	155	141	119	120	124	153	129	167	
II	115	96	118	114	142	150	154	139	113	120	126	151	135	163	
III	114	101	117	113	142	151	152	142	115	119	127	151	141	166	
IV	123	105	119	115	145	154	152	148	114	120	129	150	140	179	
1959 I	123	108	125	116	145	155	151	153	114	122	133	152	133	190	
II	128	114	128	120	148	159	157	153	118	122	137	152		201	
III		112	127	122	*151*	162	160	157	119	122	139	156			
July		114	126	122	151	161	159	153	120	123	138	154		209	
August		111	126	122	151	161	159	156	117	120	135	159			
September		111	129	124	*152*	163	161	160	121	124	143	156			
October		110		126		165	*165*	163	121	*127*	141				
November		110		*127*		*169*	*168*								
December		*116*													

See notes, page 59, for changes to this table.
(a) World, Latin America and Japan are not seasonally adjusted. (b) Excludes U.S.S.R., Eastern Europe and China. (c) Excludes Spain.

Table 17. The United States[a]

Quarterly averages, seasonally adjusted (b)

	Gross national product	Consumers' expenditure		Public spending on goods and services		Gross private fixed investment		Value of physical changes in stocks	Net foreign investment	Durable goods		Building and contracting orders	Unemployment (c)	Employment (b)	Consumer prices (b)
		Durable goods	Other goods and services	Federal	Other	Dwellings	Other			Manufacturers' sales	Manufacturers' new orders				
	$ billion, at constant 1954 prices									*$ billion at current prices*			*per cent*	*millions*	*1954 = 100*
1950	79.5	8.03	46.2	6.2	5.88	3.88	8.30	1.80	−0.70	26.41	30.95	*4.6*	5.0	59.96	89.5
1951	85.5	7.30	47.4	10.4	6.03	3.23	8.80	2.43	0.03	31.13	38.03	*5.0*	3.0	61.01	96.7
1952	88.4	7.13	49.0	13.7	6.13	3.20	8.75	0.75	−0.05	32.81	35.06	*5.3*	2.7	61.04	98.9
1953	92.3	8.28	50.5	15.1	6.38	3.40	9.13	0.13	−0.63	37.13	33.10	*5.6*	2.5	61.95	99.7
1954	90.8	8.10	51.4	12.2	6.93	3.85	8.78	−0.40	−0.10	33.71	30.47	*6.3*	5.0	60.89	100.0
1955	98.2	9.90	54.1	11.3	7.43	4.55	9.55	1.53	−0.15	39.24	41.56	*7.6*	4.0	62.94	99.7
1956	100.2	9.50	56.6	10.4	7.65	4.05	10.28	1.13	0.63	41.42	43.33	7.9	3.8	64.71	101.2
1957	102.1	9.63	58.1	10.7	8.08	3.85	10.28	0.50	0.95	42.48	39.26	8.0	4.3	65.01	104.7
1958	99.8	8.93	59.4	11.0	8.60	4.05	8.63	−0.89	0	37.21	36.43	8.8	6.8	63.97	107.6
1957 I	102.2	9.70	57.5	10.9	7.98	3.88	10.43	0.58	1.23	43.95	42.13	8.7	4.1	63.21	103.3
II	102.5	9.60	57.9	10.9	8.03	3.83	10.33	0.93	1.05	42.76	40.60	8.4	4.1	65.31	104.3
III	102.7	9.73	58.5	10.6	8.03	3.83	10.38	0.63	0.98	43.00	38.68	7.9	4.3	66.43	105.4
IV	101.0	9.43	58.5	10.5	8.28	3.85	9.98	−0.13	0.58	40.57	35.92	7.5	4.9	65.09	105.8
1958 I	97.8	8.80	58.4	10.7	8.43	3.85	9.00	−1.60	0.20	36.35	32.88	7.8	6.5	62.18	106.9
II	98.3	8.75	59.0	11.0	8.45	3.83	8.53	−1.33	0.03	35.26	34.50	9.0	7.2	63.98	107.7
III	100.2	8.83	59.9	11.1	8.65	4.08	8.40	−0.80	0.13	37.36	37.55	9.8	7.4	65.06	107.8
IV	102.7	9.38	60.2	11.3	8.88	4.45	8.53	0.28	−0.35	39.85	40.78	8.7	6.4	64.64	107.8
1959 I	105.2	9.70	60.9	11.2	9.10	4.83	8.70	1.40	−0.68	41.81	44.14	9.1	6.0	63.09	107.8
II	108.0	10.30	61.8	11.3	9.10	5.05	9.05	2.30	−0.88	46.45	47.17	9.7	5.1	66.12	108.4
III	106.1	10.15	62.1	11.0	9.25	4.93	9.33	−0.15	−0.48	43.51	44.21	9.3	5.4	67.06	108.9
June						5.83(d)				47.31	48.40	10.1	4.9	67.34	108.4
July						5.78(d)				46.15	46.48	9.9	5.1	67.59	108.8
August						5.68(d)				42.02	41.92	9.4	5.5	67.24	108.7
September						5.55(d)				42.34	44.24	8.7	5.6	66.35	109.1
October						5.40(d)				42.14	45.30	9.4	6.0	66.80	109.3
November										44.62	41.72		5.6	65.64	109.4

(a) The U.S. index of industrial production is shown in table 16. (b) Employment and consumer prices are not seasonally adjusted. (c) Per cent of civilian labour force. (d) Figures at current prices.

Table 18. Industrial countries : imports by volume and import and export prices

Index numbers, 1953 = 100

	Volume of imports						Import prices				Export prices				
	U.S.A.	U.K.	OEEC. incl. U.K. From outside	OEEC. incl. U.K. Intra-trade	Western Germany	France	U.S.A.	U.K.	Western Germany	France	U.S.A.	U.K.	Western Germany	France	Japan
1950	92	90	91	87	75	89	88	84	94	87	88	84	81	82	82
1951	91	101	98	93	77	101	111	112	120	114	101	99	99	97	122
1952	96	93	96	90	89	99	105	110	114	112	100	104	107	103	108
1953	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
1954	93	101	108	115	126	108	103	99	96	99	99	99	96	94	97
1955	103	113	120	130	152	123	102	102	100	98	100	101	98	95	93
1956	112	112	130	139	171	142	104	104	102	99	103	105	101	100	96
1957	115	116	137	147	192	150	106	106	103	104	107	110	104	102	97
1958	119	116	138	145	206	149	100	98	95	95	106	109	103	98	91
1956 I	113	115	126	126	150	129	104	104	102	99	104	104	100	97	95
II	109	114	134	139	169	149	104	105	103	100	103	104	100	100	96
III	111	108	128	133	174	138	104	102	103	98	103	105	101	101	97
IV	113	111	133	152	191	150	105	106	101	101	104	106	102	101	97
1957 I	114	119	141	147	184	162	107	109	104	106	107	109	103	103	99
II	111	115	139	144	183	163	106	109	105	105	107	109	104	103	98
III	113	113	132	141	191	138	105	105	104	105	107	111	104	103	97
IV	119	116	134	154	210	138	104	101	101	100	108	110	104	98	95
1958 I	115	114	138	142	198	159	102	98	98	96	107	109	104	98	93
II	116	112	137	143	191	162	101	98	96	95	106	109	103	99	91
III	115	115	133	143	209	133	100	97	93	96	105	109	103	98	90
IV	130	122	144	156	228	142	99	98	93	94	106	108	102	96	89
1959 I	134	118	135	150	207	139	98	97	92	87	107	108	101	87	89
II	144	125	147	164	240	150	98	96	90	88	106	108	101	90	90
III	143	121			249	*131*	98	97	90	87	107	107	100		91

Table 19. Industrial countries' exports of manufactures

	Volume							Value, total	Shares					
	Total	U.S.A. (*a*)	U.K.	Western Germany	France	Japan	Others (*b*)		U.S.A. (*a*)	U.K. (*c*)	Western Germany	France	Japan	Others (*b*)
	Index numbers, 1953 = 100							$ *bn., quarterly averages*	*Per cent of total value*					
1950	86	86	110	42	98	81	84	5.0	27.3	25.5	7.3	9.9	3.4	26.6
1951	100	103	109	72	119	89	100	7.0	26.6	21.9	10.0	10.0	4.3	27.2
1952	98	102	100	87	96	94	98	6.9	26.2	21.5	12.0	9.2	3.8	27.3
1953	100	100	100	100	100	100	100	6.9	25.9	21.2	13.3	9.0	3.8	26.8
1954	111	106	104	127	110	140	108	7.4	25.2	20.3	14.8	9.0	4.7	26.0
1955	125	115	113	150	123	186	122	8.5	24.5	19.6	15.4	9.3	5.1	26.1
1956	136	128	120	174	114	222	133	9.6	25.3	19.0	16.4	7.8	5.7	25.8
1957	146	135	123	201	129	250	140	10.7	25.4	18.0	17.5	8.0	6.0	25.1
1958	145	122	118	213	139	255	143	10.5	23.3	17.8	18.6	8.6	6.0	25.7
1956 I	127	125	118	148	105	199	123	9.0	26.5	19.8	14.9	7.8	5.3	25.8
II	140	134	126	179	119	216	135	9.9	25.7	19.3	16.3	7.9	5.3	25.5
III	131	119	112	171	108	219	132	9.2	24.6	18.5	17.0	7.8	5.9	26.1
IV	145	131	123	196	120	255	143	10.4	24.5	18.3	17.3	7.8	6.1	26.0
1957 I	144	135	125	183	135	265	137	10.5	25.7	18.4	16.4	8.6	5.5	25.3
II	149	147	126	196	132	240	140	10.9	26.8	18.1	16.9	8.2	5.5	24.6
III	143	128	118	202	115	269	139	10.4	24.8	17.8	18.2	7.4	6.6	25.2
IV	150	132	122	223	133	265	144	10.9	24.5	17.6	18.6	7.8	6.2	25.3
1958 I	141	123	121	195	134	255	135	10.3	24.2	18.6	17.4	8.5	6.1	25.2
II	144	127	115	210	131	246	142	10.4	24.4	17.5	18.1	8.3	5.8	25.9
III	141	113	116	214	125	239	141	10.1	22.3	18.1	19.6	8.1	5.9	26.0
IV	154	123	120	230	165	279	153	11.1	22.5	17.0	19.1	9.5	6.1	25.8
1959 I	143	115	117	205	149	263	139	10.1	23.1	18.4	18.4	8.7	6.2	25.2
II	158	123	125	235	175	290	157	11.4	22.1	17.8	18.7	9.2	6.4	25.8
III	156	116	117	241	160	305	161	11.1	21.3	16.8	19.5	8.8	6.9	26.7

(a) Excluding special category.

(b) Belgium-Luxembourg, Canada, Italy, Netherlands, Sweden and Switzerland.

(c) U.K. figures adjusted to exclude Channel Islands, etc.

Table 20. Commodity prices

	N.I.E.S.R. price index numbers (a)						Commodity prices														
	Current U.K. import prices				Exports, primary producers	Exports, overseas sterling area	Wheat	Sugar	Tea	Coffee	Cocoa	Rubber	Jute	Cotton	Wool		Copper	Lead	Zinc	Tin	Softwood
	Total	Food, tobacco	Industrial materials	Fuels			Can. $ per 60 lb.	U.S. cents per lb.	Indian rupees per lb.	U.S. cents per lb.	U.S. cents per lb.	d. per lb.	£ per ton	U.S. cents per lb.	Merino	Cross-bred	£ per ton	£ per ton	£ per ton	£ per ton	Index
															d. per lb.	d. per lb.					
	1957 = 100						*Average of daily or weekly prices*														*1954 = 100*
1950	..	..	..	..	..	..	2.13	4.96	2.30	50.5	32.2	33.3	116	37.0	164	91	179	106	119	745	66
1951	..	..	..	..	..	..	2.33	5.68	2.24	54.2	35.6	50.8	179	42.3	199	126	220	162	172	1077	99
1952	..	..	..	..	..	..	2.16	4.16	1.64	54.0	35.6	28.4	112	39.7	126	64	259	135	149	964	109
1953	..	..	..	..	..	..	1.86	3.41	2.00	57.9	37.3	19.9	96	33.8	147	75	254	91	75	732	99
1954	..	..	..	..	..	..	1.73	3.26	3.18	78.7	58.2	20.2	102	35.1	128	77	249	96	78	719	100
1955	..	..	..	..	..	..	1.74	3.24	3.05	57.1	37.3	33.6	98	34.6	107	75	351	106	91	740	109
1956 1st half	..	..	..	..	..	..	1.74	3.32	2.12	56.0	27.1	28.0	99	36.4	105	72	370	117	98	780	110
1956 III	102.3	105.3	104.0	90.5	102.8	101.9	1.73	3.34	2.99	60.0	28.2	26.2	94	34.7	118	75	297	116	95	769	109
IV	105.6	107.5	105.5	101.6	104.9	104.8	1.70	3.87	3.00	60.4	26.7	30.3	119	34.5	124	80	279	117	99	821	109
1957 I	105.5	104.4	104.5	111.0	104.6	103.7	1.69	5.86	2.56	60.3	23.1	27.0	114	35.2	133	84	250	114	100	777	111
II	101.8	101.3	102.6	100.7	102.3	102.6	1.65	6.23	2.17	57.8	27.2	27.0	120	35.4	137	90	236	101	86	767	110
III	98.5	99.2	99.2	94.8	98.9	99.6	1.62	4.65	2.91	54.4	32.2	26.4	108	35.1	125	84	207	91	74	744	110
IV	94.3	95.2	93.7	93.6	94.2	94.1	1.61	3.84	2.51	54.1	39.6	24.0	115	35.7	105	74	185	81	67	732	109
1958 I	94.1	97.0	91.9	92.8	91.9	93.0	1.64	3.57	2.27	54.6	43.5	22.9	112	36.1	98	65	168	74	63	731	107
II	94.6	100.2	90.6	91.4	91.6	93.4	1.61	3.45	2.56	50.3	46.8	22.3	115	36.3	95	58	183	73	63	731	104
III	95.2	101.5	90.6	91.7	91.0	92.2	1.64	3.49	3.09	45.9	45.7	23.6	108	36.3	86	56	205	71	64	726	101
IV	95.7	102.8	90.8	91.1	90.3	91.4	1.64	3.48	2.35	43.5	41.5	25.2	105	36.1	76	56	233	74	73	752	97
1959 Jan.	95.7	104.2	89.8	90.2	88.7	90.9	1.64	3.26	2.19	41.5	37.6	25.0	112	35.7	73	56	230	72	75	759	96
February	94.0	101.6	89.9	86.2	88.7	91.3	1.71	3.10	2.16	39.6	36.8	25.2	110	35.7	77	59	236	70	74	772	95
March	93.7	99.8	91.1	85.9	89.3	91.9	1.70	3.05	2.01	37.3	38.7	26.2	113	35.7	79	59	249	70	75	780	95
April	94.3	99.3	93.4	84.9	92.0	96.2	1.68	2.87	1.84	37.5	37.8	27.7	115	36.0	94	68	240	69	73	782	94
May	95.1	100.1	94.4	84.7	93.5	97.5	1.68	2.93	..	37.0	37.5	29.8	116	36.3	94	69	236	71	77	784	95
June	94.7	100.5	93.4	84.2	92.4	96.1	1.67	2.83	2.53	36.5	37.4	28.0	112	36.1	91	64	230	70	78	788	95
July	95.0	101.6	92.9	84.3	91.9	95.5	1.67	2.67	2.80	37.5	36.3	28.9	110	34.7	93	68	221	70	80	793	95
August	95.8	102.2	94.6	83.5	93.4	97.8	1.66	2.81	2.84	36.5	37.7	31.4	108	33.2	102	74	233	72	85	793	95
September	97.2	104.5	95.7	83.6	94.3	98.2	1.65	3.11	2.54	34.8	38.0	32.9	106	33.0	98	72	230	71	86	793	95
October	97.7	104.3	97.1	83.6	93.8	97.8	1.64	3.07	2.47	35.3	36.8	34.2	107	32.8	96	73	242	71	91	794	96
November	97.6	103.1	97.9	83.6	94.8	99.2	1.65	2.95	2.55	36.9	33.8	36.4	112	33.0	93	72	250	72	95	796	97
December	*98.6*	*105.1*	*98.3*	*83.7*	95.2	99.9	1.66	3.00	2.60	36.2	31.7	35.2	116	*33.0*	97	76	255	73	92	790	*97*

(a) See *National Institute Economic Review*, No. 1, page 32, and No. 5, pages 69-70.

Table 21. Gold and foreign exchange reserves (a)

$ billion

	Industrial countries											Primary producing countries									
	Total	U.S.A.	Canada	U.K.	Continental O.E.E.C.	Western Germany	France	Italy	Nether-lands	Belgium	Japan	Total	Sterling area countries	Aus-tralia	New Zealand	India	Pakistan	South Africa	Malaya	Oil pro-ducers	Latin America excl. Venezuela
1954	38.99	21.79	1.95	2.76	11.42	2.64	1.37	1.04	1.28	1.03	0.74	10.73	4.84	0.94	0.24	1.78	0.33	0.42	0.40	0.89	2.52
1955	40.03	21.75	1.91	2.12	12.87	3.08	2.08	1.24	1.28	1.13	0.77	10.64	4.48	0.67	0.18	1.79	0.37	0.37	0.48	1.02	2.62
1956	41.08	22.06	1.94	2.13	13.40	4.29	1.36	1.31	1.07	1.14	0.94	11.02	4.25	0.71	0.19	1.36	0.37	0.37	0.46	1.53	2.53
1957 I	41.16	22.41	1.93	2.21	13.32	4.50	1.26	1.30	1.04	1.06	0.74	11.15	4.42	0.87	0.21	1.35	0.38	0.38	0.45	1.48	2.77
II	42.02	22.73	1.95	2.38	13.97	4.89	1.23	1.35	1.02	1.06	0.51	11.19	4.16	1.03	0.27	1.20	0.33	0.35	0.44	1.82	2.68
III	41.95	22.76	1.90	1.85	14.49	5.76	0.83	1.43	0.92	1.03	0.46	10.78	4.05	1.06	0.24	0.99	0.29	0.30	0.44	1.93	2.43
IV	42.67	22.86	1.84	2.27	14.68	5.64	0.78	1.53	1.06	1.13	0.52	10.36	3.86	1.05	0.14	0.87	0.29	0.29	0.43	1.95	2.36
1958 I	43.09	22.49	1.88	2.77	14.81	5.56	..	1.61	1.24	1.21	0.63	9.87	3.97	1.03	0.12	0.81	0.32	0.25	0.42	1.76	2.12
II	42.87	21.41	1.93	3.08	15.61	5.83	..	1.71	1.29	1.35	0.72	9.58	3.74	0.98	0.14	0.70	0.28	0.22	0.42	1.80	2.07
III	42.74	20.93	1.90	3.12	16.79	6.10	..	2.05	1.34	1.42	0.76	9.18	3.57	0.90	0.16	0.63	0.23	0.25	0.42	1.60	2.07
IV	43.96	20.66	1.94	3.15	17.40	6.23	*0.90*	2.23	1.42	1.46	0.81	9.46	3.82	0.91	0.19	0.64	0.26	0.32	0.43	1.59	2.03
1959 I	43.71	20.49	1.90	3.14	17.21	5.63	1.25	2.51	1.42	1.41	0.97	9.63	3.93	0.90	0.22	0.70	0.26	0.33	0.43	1.60	2.12
II	42.81	19.75	1.94	3.17	17.84	5.53	1.63	2.83	1.37	1.45	1.11	9.54	3.99	0.97	0.25	0.65	0.27	0.34		1.53	2.16
July		19.67	1.93	3.22	18.13	5.51	1.77	2.98	1.39	1.44	1.20		4.00	0.94	0.27	0.62	0.27	0.38		1.54	2.20
August		19.57	1.93	3.25		5.40	1.88		1.38	1.42	1.18		4.03	0.93	0.29	0.63	0.29	0.37			
September		19.58	1.95	3.28		5.32	1.86		1.38	1.41	1.20		4.02	0.94	0.27	0.63	0.29	0.38			
October		19.65	1.88	3.02		5.39	1.91		1.35	1.37	1.25				0.27	0.66	0.29				
November				2.97																	
December				2.74																	

NOTES ON STATISTICAL APPENDIX

GENERAL NOTES

Country groups

The following country groups are used ; they include all the countries listed against them, unless stated otherwise.

Industrial countries : USA, Canada, UK, Continental OEEC, and Japan.

North America : USA and Canada only.

OEEC : Austria, Belgium-Luxembourg, Denmark, France, West Germany, Greece, Iceland, Irish Republic, Italy, Netherlands, Norway, Portugal, Sweden, Switzerland, Turkey, UK.

Continental OEEC : Excludes sterling area countries—Irish Republic, Iceland, and UK.

Western Europe : Continental OEEC, Spain, Yugoslavia and Finland.

Primary producing countries : All countries not included as industrial countries above, except for Eastern area, Yugoslavia and Finland.

Overseas sterling area : The British Commonwealth (except Canada), British Trust Territories, British Protectorates and Protected States, Burma, Irish Republic, Iraq, Iceland, Jordan, Libya, Muscat and Oman.

Latin America : Central America, including Mexico but excluding the Panama Canal zone, and South American countries excluding European possessions.

Oil-producing countries, sterling : Iraq, British-protected Persian Gulf States (including Kuwait) and Aden, Sarawak, Brunei and Trinidad.

Oil-producing countries, non-sterling : Iran, Saudi Arabia, Venezuela and the Netherlands Antilles.

Other primary producing countries : All primary producing countries not included elsewhere.

Eastern area : Albania, Bulgaria, Czechoslovakia, Eastern Germany, Hungary, North Korea, North Vietnam, Poland, Roumania, Union of Soviet Socialist Republics, and the People's Republic of China.

Valuation of imports and exports

Imports are valued c.i.f. and exports and re-exports f.o.b. unless otherwise stated.

NEW OR REVISED SERIES

(Full definitions and explanations were given in the National Institute Economic Review, number 1, January 1959, pages 51-54. An article on pages 36-38 of that number explained the figures in table 11 for stock changes of imported commodities, and an article on pages 32-35 explained the NIESR price index numbers in table 20. The notes on page 53 of the March issue, on page 43 of the May issue, on page 69 of the September issue and on page 61 of the November issue of the Review described revisions or new figures ; the notes below describe some further revisions.)

Table 1. Gross domestic product

The revisions of the official annual estimates and the quarterly figures of the volume of expenditure have made it necessary to revise the seasonal adjustments previously used. The new (percentage) seasonal adjustments are :

	I	II	III	IV
Public authorities current spending ..	−3	+2	+2	−1
Exports of goods and services	−2	−1	+3	0
Adjustment to factor cost	−5	+4	+2	0

Table 6. Personal income and expenditure

The seasonal adjustment factors of three items have been revised. The series for cars and motorcycles, which was unadjusted, is now corrected for seasonal variations. The revised and new adjustment factors are (in percentages) :

	I	II	III	IV
Tobacco	+6	+1	−5	−2
Clothing	+13	−5	+9	−16
Services	+11	+1	−13	+2
Cars and motorcycles ..	−7	−15	+12	+13

Table 11. U.K. imports and exports and changes in imported stocks

The value and volume adjusted series, for both imports and exports, has been adjusted

(a) to allow for the difference in the number of working days, in annual holidays and other seasonal factors. The adjustments of the value figures have been calculated by the Board of Trade (*Board of Trade Journal*, 6 November, 1959) and converted into volume terms by NIESR ;

(b) to allow for delays caused by dock strikes, the Suez crisis, etc. These adjustments have been made by NIESR.

Table 16. World industrial production

The series for OEEC countries have been revised because of changes in the seasonal adjustment factors applied by OEEC. The annual figures are the averages of the unadjusted data.

New and comprehensive definitions and explanations will be given in the next issue of the Review.

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